



**The Effectiveness of an Enriched Servicescape Framework on
Value-in-use and Behavioural Responses: The Coworking Space Context**

A thesis submitted in fulfilment of the requirements for the degree of
Doctor of Philosophy

Bamini KPD Balakrishnan

BBS (Hons.) Marketing, M. Bus (Marketing)

School of Economics, Finance and Marketing

RMIT University

January 2017

DECLARATION

I certify that except where due acknowledgement has been made, the work is that of the author alone; the work has not been submitted previously, in whole or in part, to qualify for any other academic award; the content of the thesis is the result of work which has been carried out since the official commencement date of the approved research program; any editorial work, paid or unpaid, carried out by a third party is acknowledged; and, ethics procedures and guidelines have been followed.

Bamini KPD Balakrishnan

January 2017

LIST OF PUBLICATIONS

Published research papers:

KPD Balakrishnan, B., Muthaly, S. & Leenders, M.A.A.M 2016, 'Enriched servicescape and value-in-use. Paper presented at *Australia New Zealand Marketing Academy Conference*, 5-7 December 2016, Christchurch, New Zealand.

KPD Balakrishnan, B, Muthaly, S & Leenders, M.A.A.M 2016, 'Insights from Coworking Spaces as Unique Service Organisations: The Role of Physical and Social Elements.' In Petruzzellis, L, Winer R.S (eds.), *Rediscovering the Essentiality of Marketing, Developments in Marketing Science: Proceedings of the Academy of Marketing Science*.

KPD Balakrishnan, B 2016, 'Management of Social Dimensions: Investigation of Coworking Space Ecosystems in Creating Value for Members.' Paper presented at *Future of work: people, place and technology 2016 conference*, 20-21 April 2016, Melbourne, Australia.

KPD Balakrishnan, B, Muthaly, S & Leenders, M.A.A.M 2015, 'Insights from Coworking Space as Unique Service Organisations.' Paper presented at *World Marketing Congress, Academy of Marketing Science*, 14-17 July 2015, Bari, Italy.

KPD Balakrishnan, B, Muthaly, S & Leenders, M.A.A.M 2014, 'Servicescape Framework for Coworking Space.' Paper presented at MAG Scholar Global Business, Marketing and Tourism Conference, November 2014, Yogyakarta, Indonesia.

ACKNOWLEDGEMENTS

Thank you to the Almighty Authority God for His blessing in giving me the strength to bring this thesis to completion. The successful completion of this thesis was a true accomplishment for me assisted by the encouragement and support of many individuals.

Firstly, I extend my greatest appreciation to my principal joint supervisor Professor Mark A.A.M Leenders. His guidance, advice, comments and critique inspired me to forge an independent approach to the research. I duly acknowledge my joint associate supervisor, Professor Siva Muthaly, for his outstanding guidance and mentorship; he convinced me of the value of the research. Their confidence and belief in my capabilities developed my skills as a scholar and researcher.

My appreciation also to the Ministry of Higher Education, Malaysia and my employer, Universiti Malaysia Sabah, for scholarships, without which this research would not have been possible. I extend my gratitude to Professor Dr. Roselina Ahmed Saufi my previous supervisor for Master by research for guiding me through the fundamentals of research.

I would like to thank the School of Economics, Finance and Marketing at RMIT, especially the Head of School, Professor Tim Fry, and Higher Degree Coordinator, Dr. Jenneke Blijlevens, Easter Ng and all the administrative staff for generous support. I thank Prue Lamont the administrator at College of Business. Thanks also to Dr. Gershon Maller for editing the thesis according to RMIT and Institute of Professional Editors guidelines. Responsibility for the final manuscript is my own.

I thank Sahand Beghari, Jason Lim, George Siomosi, Vennesa Samuels, and Jane Stuart for supporting the research and allowing me to be an investigator in residence at the respective coworking spaces. I also thank the University of Melbourne for awarding me the Emerging Leaders Grant and acknowledging research on coworking spaces as one possible future of work.

I extend my gratitude to all my colleagues at RMIT and The University of Melbourne, Aswini Yadlapalli, Wajeeda Shaikh, Abby Wong, Dr. Rohan Davis, George Marano, Erico Baroni, Angelo Fernando, Ilya Yasnorina Ilyas, Wan Marhani Omar, Majhda AlNefaie, Anshul Vijay, Jackson Yuen, Valerie Cotronei-Baird, Dr. Victoria Roberts, Priyanka

Erasmus, Sherene Smith, Andrew Linden, Ashenafi Biru, and Justin Nguyen for their support and friendship.

To my spiritual family in Australia Charlie Hogg, Christine Westbury, and well-wishers, Dr. Wendy Welford, Magda Celejewska, Johanna Belén Angulo, Ravikumar Madala, Professor Kalvinder Shields, Julie Pugh, Yolande Reid and Sophie Reid, Jeff Penados, and Angelo Anjeliček, thank you for your support, it was a great comfort during this intense journey.

To Oscar Dousin my brother from another mother, my very dear friend, thank you so much for the whole idea of getting into the PhD program together in RMIT and for making sure that I am alright all the way. We have definitely endured a great deal in the process and we have built an amazing friendship that will last a life time.

To Graham Lewis, thank you for making sure that I am safe in Melbourne, I could not ask for more care than you have given me all through my PhD life. Thank you for all the confidence you built in me through your every single prayer.

Thanks also to my eldest brother, Subas Chandra Bos, and sister-in-law Kamala Veeran who have been the bedrock of my life, my beloved sisters, Vasumathi KPD Balakrishnan and Barathi KPD Balakrishnan, brother Sugumaran KPD Balakrishnan, and sister-in-law Revathy Karuppan, my brother-in-laws, my nieces and nephews whom I adore, my loving uncles and aunties, and the entire family for your care, empathy, patience and support.

Special thanks to my mentor and brother, Dr. Muralindran Mariappan, for always being a motivating force; also, to my best friends Azlinda Shuaib, Yukthamarani Perumapuran, Hamriah Hj Nurdin, Prema Schwarzscher, Thavamalar Mudiandy, Louisiana Lewis, Jayanthi for your unflagging support.

My final tribute is to my beloved late parents Mr KPD Balakrishnan (Appa) and Mrs Veejayal Nadaraj (Amma) for developing me with great courage, for giving me tremendous love, for all the years of education, for moulding me to be a good person, and my late grandma Unnamala Sinnapayen for all your unlimited blessings; I am everything I am because of you.

DEDICATION

To

Appa and Amma

For your unconditional love and blessings in my life.

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ABSTRACT

Servicescape research has revolutionised the face of service marketing, however, despite expanding the physical design of the model in retail-oriented business, nevertheless, it is not clear whether this relation should be expected to be constant across all service operations or even across all firms within a service industry. Therefore, servicescape studies need to explore specific industry contexts and service-oriented organisations. The importance of industry-specific servicescape stimuli, in studying the effect on consumers' behavioural responses and value creation, has been emphasised. This study postulates that servicescape dimensions extend beyond the physical design of the business setting and influence consumer experiences and behavioural responses. Consequently, the study aimed to explore and enrich the servicescape framework specific to coworking spaces as service providers. The enriched framework, as an original contribution to existing literature, was then validated for its effectiveness in impacting value-in-use experienced by the consumers of the space as coworking members, and subsequent influence on their behavioural responses; these included loyalty, and a sense of belonging to the coworking space, positive word-of-mouth endorsement and impact on coworking member performance, who were principally entrepreneurs, freelancers, start-ups and knowledge workers. The research adopted a pragmatic mixed-methods approach based on a conceptual model derived from the relevant literatures.

The sequential mix-methods approach was adapted by conducting exploratory qualitative data collection and followed by quantitative study from the consumer perspective across Australian coworking spaces. In the qualitative phase the unobtrusive observations, visual documentation and in-depth interviews were conducted to explore and enrich the servicescape framework specific to coworking space context and subsequently exploring the value-in-use experiences of coworking members. The qualitative phase inducted the community engagement and events, social interactions and support, management support services, and collaborative culture, as major elements of the salient servicescape perceived by coworking members; which were added as enrichment to the servicescape framework. The qualitative phase also derived the value-in-use experiences (positive emotional, knowledge sharing, support, networking and functional) were also derived from the qualitative findings. By incorporating the findings from qualitative phase, a finalised research model,

hypotheses and survey instrument were developed to evaluate the relationship between enriched servicescape dimensions, value-in-use, behavioral responses and performance of coworking member. An online survey was conducted among the coworking space users in Australia as quantitative data collection method. The data were then analysed using the Partial Least Square- Structured Equation Modeling (PLS-SEM).

As postulated, the study found that, while there is a broad understanding of the advantages of physical design of the servicescape, coworking consumers view the servicescape as a more social, community, service and cultural-oriented environment; that social interactions, community engagement and events, and management support services contributed to consumer value-in-use experiences and positively influenced coworker behaviour. It also confirmed management support services and perceived organisational culture, specifically the collaborative culture, impacted individual and business coworking member performances. The findings suggest that coworking space providers and similar businesses invest in designing their social, community and management support services environment to influence and enrich value-in-use experiences for consumers.

Keywords: enriched servicescape, value-in-use experiences, social interactions, social support, community engagement, collaborative culture, behavioural responses, coworking space, business performance.

CHAPTER 1:

INTRODUCTION

1.1 Introduction

This chapter presents the background of the study relating to the service environment of coworking space as a research setting and an overview of the arguments on servicescapes, the research problem leading to the research questions and objectives, the research rationale, an overview of the methods and the structure of the thesis.

1.2 Background of the research

The concept of ‘coworking spaces’ is an emerging global phenomenon (Butcher 2013). Coworking spaces are shifting the way people work, offering a new model for the workplace (Botsman & Rogers 2011). Coworking spaces are designed to host freelancers, creative classes, start-up teams and entrepreneurs, through membership-based office solutions. In Australia, these spaces are created by transforming old warehouses and factories into open space offices that include comfortable furnishings, unique and modern interiors and a set of facilities and amenities. Few examples of coworking spaces around the world and Australia are Beehive (Germany), Indy Hall (United States), Junto tech Coworking (Italy, Hub Ubud (Indonesia), iMesh Lab (India), Innovature (Vietnam), Hub Singapore, Hub Australia, Inspire 9 (Australia) and York Butter Factory (Australia).

Shared coworking spaces are modelled on gym membership where coworking members typically pay a monthly fee for a space to work or collaborate. However, beyond the excellent physical infrastructure and functional facilities which are termed as operand resources denoting design, operation or actions that is performed to produce an effect (Vargo & Lush 2008), the present research postulates that the management of social and sociocultural environments (operant resources) which are productive resources, as in coworking spaces, has a significant impact in creating value-in-use experiences (Vargo & Lusch 2008) for coworking members. Coworking spaces have grown 60% globally in the last decade (Deskmag 2013). The Global Coworking Unconference reported that Australia had 140 coworking spaces in 2015 and coworking space providers are looking for better ways of doing things (hubaustralia.com). As the growth of coworking spaces is increasing, there is also concern about the closing of these spaces around the world. Schifrer (2015), who interviewed two of world’s first founders of a coworking space, noted their concern about the

sustainability of coworking spaces as a business model, ‘A trend that had hype during the last 5 years and is coming down to earth again. They saw a lot of spaces opening but also closing down – those which are still here are big, have a working business model and bring an asset to the community.’

Previous studies on coworking have extensively researched what coworking means and why people want to cowork, through the lens of the knowledge economy (Morriset 2014; Spinuzzi 2012). However, there is limited empirical research directed at what makes membership in a service establishment such as the coworking space a valuable experience beyond the transactional value of paying to occupy the space. It is assumed that the service environment of a coworking space influences the success of the members’ businesses and the success of the coworking space itself. The present research addresses this issue from a service-marketing perspective, by considering coworking spaces to be an interactive servicescape (Nilsson & Balantyne 2014) that will affect value-in-use experience (Vargo & Lusch 2004) and behavioural responses of coworking members who are the customers.

Service-oriented organisations continually explore and develop new and improved ways of differentiating their service environment to entice customers, achieve competitive advantage and maximise profit (Prahalad & Ramaswamy 2004; Shaw & Ivens 2005). One such effort is to develop and offer interesting service value by designing the service environment (Edvardsson et al. 2005; Pareigis et al. 2011). Therefore, the importance of the service environment, also known as the ‘servicescape’ in creating pleasant experiences are unquestioned (Högström, Rosner & Gustafsson 2010; Lovelock & Wirtz 2007; Reimer & Kuehn 2005).

The term ‘servicescape’ denotes the environment where interaction between a service provider and customer takes place. Early research into the service environment by Booms and Bitner (1982) emphasised the importance of the place facilitating the service experience in terms of service management and marketing. The servicescape framework introduced by Bitner (1992) is the most widely referenced classification of the service setting. Her framework is a robust combination of environmental and psychological elements that influence the subjective responses and external behaviours of employees and customers. The literature on servicescape over the past three decades, places great emphasis on improved servicescape elements (physical, functional, ambience and artefacts) arguing that these elements contribute to improved customer behavioural responses (Bitner 1992; Kotler 1973;

Lee & Jeong 2012; Pareigis et al. 2011). Subsequently, Nilsson and Ballantyle (2014) highlighted that the servicescape directly or indirectly influences their customers' sense of wellbeing. Nevertheless, it is not clear whether this relation should be expected to be constant across all service operations or even across all firms within a service industry. The importance of industry-specific servicescape stimuli, in studying the effect on consumers' behavioural responses and value creation, has been emphasised by Rosenbaum and Massiah (2011).

The present thesis explores, enriches and evaluates the concept of servicescape considering Service-Dominant logic (S-D Logic) and value-in-use (Vargo & Lusch 2004) experienced by consumers, in the interactive and unique service environment of the coworking space context as consumption of place/space.

1.3 Research problem

Over the past ten years, research related to the servicescape predominantly focused on the retail setting, for example the mall, supermarket and fashion store (Massara, Liu & Melara 2010; Mattila & Wirtz 2001; McDonnell 2007). Apart from research into the crowded retail environment (Parsons 2009; Vaccaro et al. 2009; Vida et al. 2007), the relative influence of the physical and social servicescape dimensions on consumers' experiential value and behavioural intentions within Service-Dominant organisations (for example, hospitals, hotels and airports) has attracted limited empirical investigation. Moreover, as discussed in relevant parts of the thesis, very little research has been conducted on the coworking space setting.

Rosenbaum and Massiah highlight that 'servicescapes are those that are physically appealing, socially engaging, symbolically welcoming, and naturally restorative' (2011 p. 483). Rosenbaum and Massiah (2011) invited researchers to explore whether these four conceptualised dimensions can be incorporated effectively in a business establishment to understand the relative importance of these dimensions. It appears reasonable to assume that not all customers will perceive all servicescape dimensions or consider their significance equally. Researchers have found that customers' understandings of a servicescape's subjective stimuli differ (Zomerdijsk & Voss 2010). This claim requires further exploration, as emphasised by Rosenbaum and Massiah (2011), with a need to expand and enrich the servicescape concept.

Specifically, in the present study, in treating coworking spaces as the research setting, relating to a service environment, it is argued that coworking spaces may combine high-end service facilities and a socially dense setting to create an atmosphere-dominant service environment (Brocato, Voorhees & Baker 2012). The data from Deskmag's (2016) annual survey on coworking shows that the market and choices for coworking members are increasing competition because 23% of members reported that they were interested in working at another space, and 16% of members wanted to change their working environment. These statistics raise the following questions: Why would someone want to change the coworking space environment and decide to work at a different place? Is the environment not conducive for their growth? Are they not connected to the space? Therefore, it is vital for coworking providers to consider aspects of the service environment offered to their members. Coworking space operators and management need to understand the relative identifiable factors of the coworking spaces in relation to facilitating the value-in-use of the service experience.

However, what these environments are and how they influence the creation of value for the consumer requires further investigation. For example, coworking spaces usually require the customers to purchase a monthly membership which allows the coworking members to occupy the space, use their services and facilities, and be part of the coworking environment. In the present study, in the context of the coworking space setting, it is argued that the physical servicescape alone cannot enhance or reduce the perception of value-in-use experienced by the coworking members as consumers, since the coworking space has a socially dense environment. It is vital that the social servicescape elements be explored and evaluated for their effect on value-in-use experienced by the members. This thesis postulates that there are elements of the service environment beyond the predominant physical setting, for example, that the social and sociocultural environment has a strong influence on consumers' value-in-use experience. Hence, for the present research the primary research question is formulated as:

What are the coworking space's servicescape dimensions and how do they influence value-in-use and positive behavioural responses of the coworking members as the consumers of the coworking space?

This study focuses on enriching the servicescape framework, evaluating and consequently increasing the current level of theoretical and management knowledge. Therefore, it is

imperative to explore and test the relative effect of all servicescape dimensions discovered, as strongly suggested by Rosenbaum and Massiah (2011). Thus, the Sub-Research Questions to guide this study are:

Research Question 1: What are the servicescape dimensions specific to the coworking space context?

Research Question 2: What are the value-in-use experiences of coworking members by being in a coworking servicescape?

Research Question 3: What are the relative effects of the enriched servicescape dimensions on the value-in-use experiences, behavioural responses and the performance of coworking space members?

These questions will be addressed sequentially using a mixed-methods research approach. Research questions 1 and 2 were addressed principally in a qualitative field study based on observations and in-depth interviews, which also provided the context for Research Question 3 and in developing related hypotheses. Survey data through Partial Least Square-structural equation modelling (PLS-SEM) were used to test the hypotheses, draw conclusions and discuss the implications for the Australian coworking space industry. The research questions that were developed lead to the objectives of this study.

1.4 Research objectives

The purpose of this study is to develop an enriched servicescape framework by exploring the servicescape elements other than the predominant physical servicescape of a service establishment. For the scope of this study, coworking spaces that offer membership are used as the service environment research setting. The enriched servicescape framework was tested to predict the value-in-use experienced by coworking members. Consequently, the study verifies the effect of value-in-use on consumers' behavioural responses (for example positive word-of-mouth endorsement, referrals, continued membership and member performance).

The objectives of the study are:

- a) To develop an enriched servicescape framework
- b) To determine value-in-use experiences consumers have in the coworking space.

- c) To investigate the influence of enriched servicescape dimensions on the value-in-use experiences, behavioural intentions and performance of coworking members as an outcome.

1.5 Research rationale

A servicescape is no longer a singular concept applicable only to marketers; rather, it represents a multi-disciplinary paradigm that focuses on an array of person-place relationships.

Rosenbaum and Massiah (2011, p. 484)

1.5.1 Theoretical rationale

The quote above by Rosenbaum and Massiah (2011) explains the imperative of understanding the implication of studying the concept in various business setting and context. A majority of studies in the field of service environment focuses on studying the effect of individual environmental factors (Fiore & Kim 2007; Summers & Hebert 2001; Sweeney & Wyber 2002). The research stream then moved to evaluating the congruence of two separate environmental variables, for example, studies of scent and music (Oakes & North 2008; Spangenberg et al. 2006), providing the case for a tighter focus on limited variables. However, few studies corroborate Bitner's (1992) model in a multidimensional (social, social cultural, social-symbolic, natural, and spiritual) context (Harris & Ezeh 2008; Rosenbaum and Massiah 2011). Consequently, researchers highlight that the empirical studies of a multidimensional environment, especially including the social servicescape, have been rarely attempted (Tombs & McColl-Kennedy 2003; Rosenbaum & Massiah 2011). Indeed, scholars stress the lack of empirical research in this area and call for extensive empirical research to address this discrepancy (Tombs & McColl-Kennedy 2003; Rosenbaum & Massiah 2011; Nilsson & Ballantyne 2014). The present study, in responding to this gap via a multidimensional approach, and an effort to enrich the notion of servicescape dimensions and evaluating their effect, will thus contribute to servicescape research scholarship.

Service-oriented research to date has focused mainly on customer patronage of relatively short durations, such as banking, restaurants and retail (Lin & Mattila 2010; Cheng et al. 2010). Moreover, the empirical research conducted has primarily focused on individual elements of the environment. Although the impacts of perceived facilities, cleanliness, smell, and music in a retail environment have significance for consumers' consumption experiences

(Morrin & Chebat 2005; Vaccaro et al. 2008; Wirtz et al. 2007), consumers spend only a brief period in these settings. It is necessary to extend the research to new service-oriented premises that focus on a high Service-Dominant and socially dense setting (such as health clubs, hotels, cruises and spas). Hence, a study on the coworking space as a new service-oriented premise, where the consumption of place is for a longer period, and exploring and evaluating multiple servicescape dimensions will contribute holistically to service environment studies.

1.5.2 Management / industry rationale

In the present research, coworking spaces are regarded as service providers in the landscape of service marketing. Coworking spaces are collaborative workplaces utilised by segments of consumers who include small business owners, freelancers and knowledge workers (Deskmag, 2013). These are essentially considered as office rentals that offer open space layouts with comfortable furnishings, unique and trendy interiors and a set of facilities and amenities, such as wi-fi; and more importantly, an environment where freelancers, independent professionals, start-ups and entrepreneurs can work side-by-side. The scope of this study acknowledges coworking spaces not only provide a physical dimension but also predominantly offer a social and sociocultural environment, playing the role of intermediaries for value production (Gandini 2015). Coworking spaces expect and propose to bring value to those who utilise the space through paid membership. By paying the membership fee, the benefits perceived by members in utilising the coworking space will determine whether they will continue their membership.

The appreciative judgements (Nilsson & Ballantyne 2014) and value experienced by the members while consuming the space are important for the members to ensure the growth and performance of what they do in the space. The growth and performance of these freelancers, new venture entrepreneurs and start-up companies in the coworking space are said to be driving innovation and economic growth (Moriset 2013). Therefore, understanding what the service environment contributes to coworking member value-in-use experience is essential for coworking space managers and providers to offer appropriate environments and induce the growth of their members. Exploring the elements of servicescape salient to coworking member /consumer perspectives will provide empirical input for coworking service providers and managers to design their servicescapes with the right mix of physical, social and sociocultural environments. By providing appropriate servicescape dimensions, coworking

space providers will continue to create benefits and value-in-use experiences that drive the optimum performance of their businesses and their members.

Value-in-use experiences of the coworking space will influence coworking member intentions to continue their membership at the coworking space. When there are valuable experiences and benefits received by being in the coworking space, it is expected that consumers will spread positive word-of-mouth endorsement about the coworking space, have a sense of belonging and commitment to the coworking space, and therefore, will bring value back into the coworking space. Thus, accessing the value-in-use of the coworking spaces, using the servicescape framework as a framework, will benefit the coworking space industry in Australia and have global implications.

1.6 Overview of methodology

In answering the research questions postulated for this study, a mixed-methods approach was used in accomplishing the specified objectives (Giddings 2006; Johnson et al., 2007; Driscoll et al. 2007). As the aim of this research is to explore the enriched servicescape framework and explain its effectiveness, therefore, the exploratory sequential mixed method approach was deemed appropriate for this research (Creswell 2009). The research was carried out in two stages. Stage one used a qualitative approach to answering Sub-Research Questions 1 and 2, principally in a qualitative field study based on observations of the coworking space service environment and in-depth interviews involving 16 participants. The participants recruited were current members or managers/hosts of coworking spaces. The data was collected between October 2014 and March 2015 and analysed using coding and thematic analysis techniques. The qualitative phase methodology is detailed further in Chapter Three. The findings from the qualitative field study provided the context for Research Question 3 and related hypotheses.

To achieve the above objectives, the qualitative phase of this study focused on how coworking members perceive the characteristics of the place they consume and their value experience through membership while acknowledging that the perceptions and experiences of each coworking member is unique. The data from the qualitative phase was applied to extract the enriched servicescape elements salient to respondents. The qualitative data was also used to classify the value-in-use experienced, leading to the second phase of the study; and finally, to provide rich data for developing the instrument for further analysis. The quantitative phase

then reveals the relations among enriched servicescape dimensions, the value-in-use, behavioural intentions and coworking member performance.

Stage two was the quantitative phase, employing an online survey (Van Selm & Jankowski 2006). The survey questionnaire was developed by adopting and adapting indicators, mainly from the qualitative findings, as well the literature of the explored and enriched servicescape dimensions and the value-in-use measures. Subsequently, existing scales from the literature were adapted and modified to build survey items to measure behavioural intentions and performance. There were 102 respondents to this survey. The survey took place between September and December 2015. The quantitative data was analysed using Statistical Package for Social Science (SPSS) (Pallant 2010) (version 21) for reliability and descriptive analysis. Partial Least Square-Structured Equation Modelling (PLS-SEM) was applied for confirmatory factor analysis and to test the hypotheses. Results and findings from the qualitative and quantitative analyses were used to draw conclusions and discuss the implications for service organisations in general and the coworking space industry in particular. The quantitative phase methodology is described in Chapter Seven.

1.7 Research outcomes

This study contributes to a deeper and broader understanding of what constitutes a servicescape in service-oriented establishments in general, the coworking space context in particular, and its influence on the value-in-use in these spaces. As noted, this study provides insights for managers in designing and managing coworking space servicescapes. Since the coworking space model is becoming a popular for service provider businesses, work culture, and an intermediary in value production for users (Gandini 2015), assessing the relative impact of servicescape elements provides a starting point for exploring the value and significance of their popularity. These insights can serve as guidelines for coworking space managers and providers to more fully understand, plan and manage their coworking spaces in ways that foster value-in-use and behavioural responses, which in turn affect their success.

1.8 Structure of the thesis

This thesis contains nine chapters. Chapter 2 reviews the literature and discusses studies on variables to be explored and evaluated in the thesis. The review includes developments in servicescape research, the social servicescape, social environment, underpinning theories for the research (Stimulus Organism Response and Social Facilitation Theory), the concept of

value-in-use, consumer behavioural intentions (loyalty, place attachment and positive word-of-mouth endorsement), and coworking member performance. The background and development in coworking spaces as a research setting are discussed. The chapter concludes by outlining the theoretical framework developed from the literature as a foundation for the enriched servicescape model proposed in this study.

Chapter 3 describes the research methodology as a pragmatic paradigm, using a mixed methodology, an overview of the mixed-methods design, the qualitative study stages, discussion of the sample and sample recruitment methods as well the data collection, and data analysis methods.

Chapter 4 outlines the first part of the qualitative phase findings. It discusses the servicescape elements salient to coworking members. Physical design, social interaction and support, community and engagement events, management support services, and perceived collaborative culture, are identified as dimensions of an enriched servicescape framework.

Chapter 5 presents the second part of the findings from the qualitative phase. Value-in-use experiences are identified as knowledge sharing, social support, inspirational value and functional value.

Chapter 6 sets out the development of the hypotheses and final research model proposed for the study, incorporating the explored and enriched servicescape dimensions and the value-in-use experiences from the qualitative findings in accessing their relations with behavioural intentions and performance. Chapter 7 describes the quantitative methodology, specifically the data collection methods, data analysis, sample criteria, sample recruitment methods, feedback on the survey, pilot study and conclusions of the pilot study.

Chapter 8 contains the results of the quantitative study, descriptive and exploratory factor analysis, and confirmatory factor analysis. The measurement model and the structural model results obtained through the Structured Equation Modelling-Partial Least Square (SEM-PLS) analysis method explains the hypothesised relations among the enriched servicescape dimensions, value-in-use, behavioural intentions and coworking member performance. Chapter 9 provides a discussion of the findings of both the quantitative and qualitative studies. It is presented in a way that provides answers to the research questions as well their implications. Chapter 9 also provides the conclusion as well as the contributions of the study and its limitations.

CHAPTER 2:

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature, concepts and theories relevant to the research questions of this study. It begins with a discussion of the concept of a servicescape and its development in the servicescape and service environment literature. The review then looks at the social servicescape and contextualises the coworking space as a perceived servicescape environment. The literature related the concept of perceived value and value-in-use in terms of Service-Dominant logic (S-D Logic) as the consequences of perceived service environment are discussed. The review continues by consolidating the servicescape and value-in-use concept for the development of initial research model. The review includes the literature on consumer behavioural responses as an outcome affected by the perceived servicescape. The relevance of Stimulus Organism Response theory and Social Facilitation Theory to the development of the research model is discussed. The review then introduces and discusses various concepts relevant to the coworking space as a research setting. Finally, an initial research model to enrich servicescape framework and its association with consumer value-in-use experiences and behavioural responses is presented based on the relevant literature.

2.2 The servicescape concept

The term ‘servicescape’ refers to the physical facility in which a service is offered, whereby the service organisation and the customer connect, through any material or tangible commodities that expedite the service (Bitner 1992; Tombs & McColl-Kennedy 2003). The servicescape notion is developed upon well-established research traditions in design, environmental psychology and marketing, and their insights that the design of the physical environment can be paramount in influencing consumption patterns and practices (Booms & Bitner 1982; Donovan & Rossiter 1982; Kotler 1973). Furthermore, Bitner (1992) confirms the presence of three types of stimuli that comprise a servicescape that are objective, physical and measurable. These stimuli are elements controllable by the organisation which could enable the enhancement or constraint of employee affiliations and commitment, and influence customer approach/avoidance decisions; furthermore, they can either facilitate or hinder employee/customer social interaction (Parish et al. 2008).

Figure 2.1 below depicts the servicescape model proposed by Bitner (1992), conceptualising the effect of environmental dimensions that influence the cognitive, emotional and physiological responses of customer and employee, and subsequently affecting their approach and avoidance behaviours.

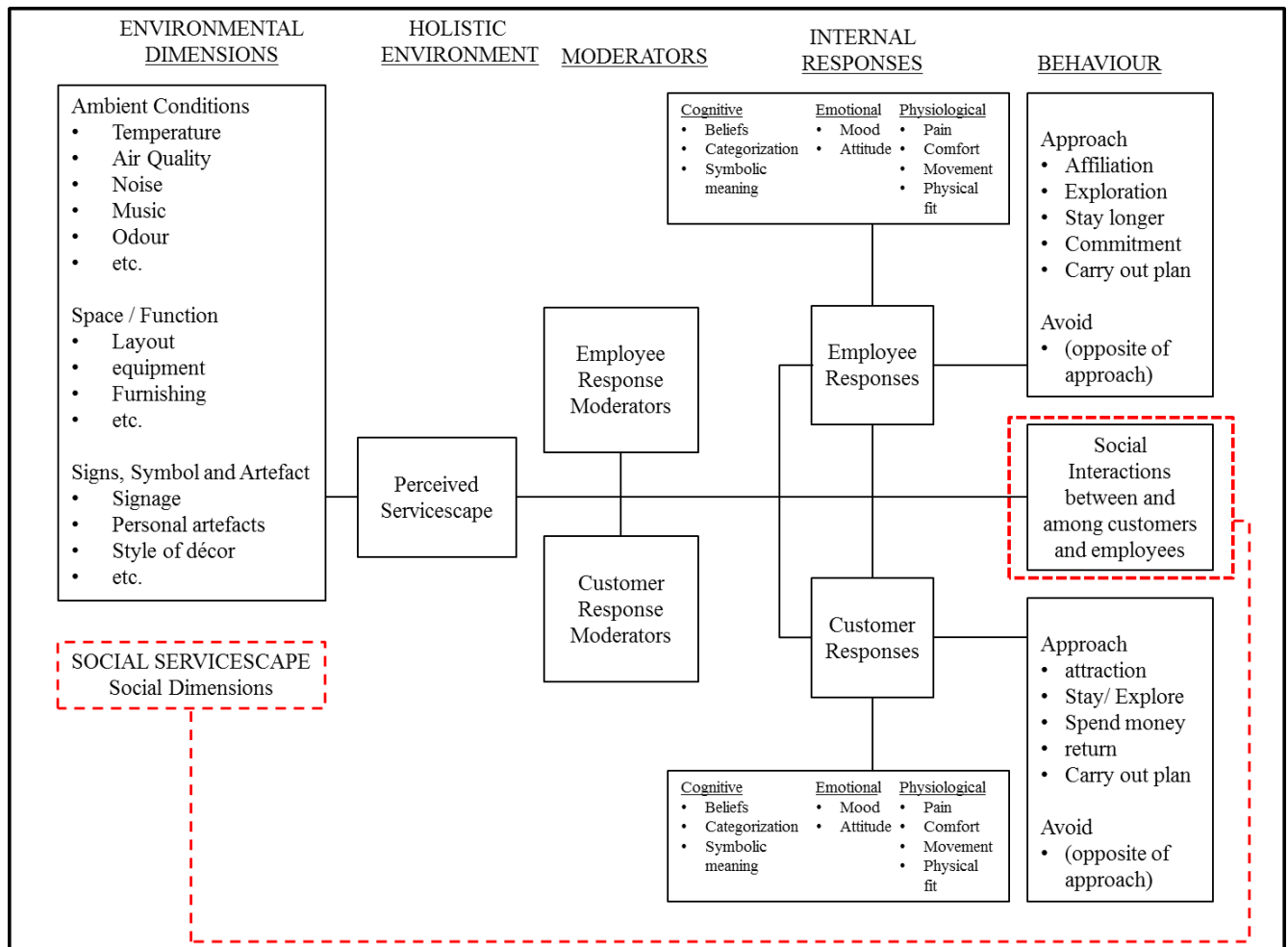


Figure 2.1: The servicescape model. Source: Bitner (1992, p. 60)

The physical environment not only stimulates emotional responses, for example, pleasure, arousal, and customer satisfaction (Han & Ryu 2009; Ryu & Jang 2008), it may also induce cognitive or perceptual responses; for example, service quality, disconfirmation, and value experienced (Kim & Moon 2009). The physical element is the most accessible for managers to comprehend since it incorporates predesigned, apparent, or assessable stimuli manageable by the firm to increase or restrain employee and customer actions (Zeithaml 2000). The dotted lines in Figure 2.1 highlight the focus of this thesis, wherein social interactions between consumer and employee are treated as independent servicescape dimensions in this

research rather than the outcome of the physical setting of a service establishment as proposed by Bitner (1992) initially.

The physical environment, which is also referred to 'atmospherics' or the 'servicescape' originates from various disciplines including architecture and environmental psychology is claimed to influence the behaviour and emotions (Donovan & Rossiter 1982; Gilboa & Rafaeli 2003; Mehrabian & Russell 1974). The effect of the physical environment in the retail industry has attracted significant interest over the past few decades where research has focused on the influence of the store environment on consumer behaviour (Turley & Milliman 2000).

Bitner (1992) categorises servicescape environmental stimuli into three dimensions as shown in Figure 2.1. The first, ambient conditions include temperature, air quality, noise, music and odour. The second is related to space, function and includes layout, equipment and furnishing. This dimension is important in coworking spaces. For example, Spinuzzi's (2012) study of coworking members across several sites specifically discussed furniture and space design as important, focusing on a design space that was 'inward facing' and concentrated on facilitating comfort and relationships within the space. This is consistent with Bitner who defines functionality as 'the ability of the same items to facilitate performance and the accomplishment of goals' (1992, p. 66). Bitner's third dimension comprises signs symbols and artefacts which includes signage, personal artefacts and décor. However, the physical dimension, in itself, has been found to be inadequate as a framework for analysing servicescape environments (Baker et al. 1992).

The environmental dimensions identified by Bitner in Figure 2.1 have also been conceptualised to enhance interactions between customers and employees. Since Bitner's (1992) model was proposed, numerous studies have investigated the influence of the physical elements of a service setting on behaviour and interaction. Nevertheless, Rosenbaum and Massiah (2011) suggest that further empirical research that includes extended dimensions of social, natural and restorative stimuli, specific to the industry concerned is imperative. This is in addition to the work of Tombs and McColl-Kennedy (2003) and Rosenbaum and Massiah (2011), who in their efforts to enhance the servicescape model, conceptualised social interactions assumed to be outcomes of the perceived servicescape as independent service environment factors that influenced behavioural responses within the service setting.

In keeping with Bitner's (1992) multidimensional approach to the servicescape concept and in response to Rosenbaum and Massiah's (2011) call for industry-specific empirical research, this thesis proposes to enrich the social and sociocultural servicescape as part of the servicescape model, while retaining a focus on the physical dimension as an independent variable influencing behavioural responses in the specific service setting of the coworking space. More specifically, the focus is to explore the physical, social and other specific elements of the service setting of coworking spaces and evaluate their effect on value-in-use experiences and behavioural responses of the members in this setting. This focus requires a more detailed examination of the development of servicescape and social servicescape theory, and the concepts of value-in-use and customer behavioural responses.

2.3 The development of servicescape research and terminology

The servicescape research is developing since Bitner's (1992) original model has been adopted by various studies over the past twenty-five years (Baker et al. 1992; Chebat et al. 2001; Mattila & Wirtz 2001; Oakes & North 2008; Spangenberg et al. 2006). Classical studies in the early days principally aimed at evaluating the influence of a specific cue (for example, music), or a particular characteristic of the servicescape element (for example music, sound, genre) on several outputs including shopping period, duration spent and purchasing behaviour (Baker et al. 1992; Chebat et al. 2001). A substantial number of studies concentrated on the effect of physical characteristics of the servicescape on the consumer's outward environment, or 'atmospherics', as termed by Kotler (1973), either as single variable or as multifaceted combinations of elements creating wholesome atmosphere. Similarly, Bitner's seminal work, introduced the term 'servicescape' and its conceptual framework, focused on the physical elements of the service setting because, a 'clear implication of the model presented here is that the physical setting can aid or hinder the accomplishment of both internal organisational goals and external marketing goals' (Bitner 1992, p. 58). The key concepts introduced in the literature related to the physical dimensions of the environment are set out in Table 2.1.

Table 2.1 Terms related to physical dimensions

Terminology	Elements	Authors
Atmospherics	Ambient factors Design factors (aesthetics and functional) Social factors	(Baker 1987; Kotler 1973)
Servicescape	Ambient conditions Spatial layout and functionality Signs, symbols and artefacts	(Bitner 1992)
Store atmospherics	Ambient factors Design factors Social factors	(Baker et al. 1992)
Atmospherics	External elements Overall interior elements Layout and design elements Point of purchase and decoration elements	(Evans & Berman 1995)
Dineserv	Reliability Responsiveness Empathy Assurance Tangibles	(Knutson et al. 1996)
Servicescape	Layout convenience Facility aesthetics Seating arrangements Electronic apparatus/displays Cleanliness of the facility	(Wakefield & Blodgett 1996)
Tangible factors	Interior design and décor Equipment Ambience	(Wakefield & Blodgett 1996)
Atmospherics	External design Interior design Layout Point of purchase and decoration Human factors	(Turley & Milliman 2000)
Tangserv	Ambient factors Design factors Product/service factors	(Raajpoot 2002)

After studying single cues based in the classical context, researchers moved on to investigating congruity between a stimuli and its physical environment, interaction between two physical stimuli (Mattila & Wirtz 2001), and multiple cues' impact on customer behaviour (Baker et al. 2002; Hooper et al. 2013). In studying interactions between two cues related to consumers' shopping duration and expenditure in store, music and scent have

dominated the literature (Jacob et al. 2009; Oakes & North 2008; Spangenberg et al. 2006). Relations between music and scent and customer cognitive activity have also been tested in terms of the influence of congruity with customer attitudes towards employees and the store (Chebat et al. 2001).

Contemporary research continues to study interactions between cues (such as music and scent), arguing that combinations of environmental cues can be manipulated strategically to help retailers improve customer satisfaction. A review of this literature by Mari and Pogessi (2013) shows that more studies are giving attention to simultaneous presence of multiple servicescape factors in influencing customer attitudes and behaviours.

The concept of a 'servicescape' originally introduced by Bitner (1992) has evolved from the idea that a given setting or environment cannot be explained by evaluating its elements separately, but instead should be studied holistically. In providing a holistic perspective and approach, Bitner's model has been integrated with a Gestalt theory approach (Carmer & Rouzer 1974). Researchers have also focused on the impact of multiple servicescape elements on quality perception and loyalty (Baker et al. 2002; Harris & Eze 2008). In consideration of a holistic perspective, Tombs and McColl-Kennedy (2003) argue that customers play a vital part in influencing the emotions of others, either positively or negatively, and call for the social element to be added to the study of the servicescape.

Table 2.2 provides a summary of the literature on the effects of physical servicescape on behavioural responses.

Table 2.2 Literature on the influence of physical elements

Physical Environment	Elements	Influence	Authors
Ambient	Atmospherics explains the effect on human sensations	Purchase intentions	(Grayson & McNeill 2009; Kotler 1973; Turley & Milliman 2000)
	Lighting, colours, brightness, shapes	Service outcomes	(Dijkstra et al. 2008; Kearney et al. 2013; Morrin et al. 2007)
	Visual, aesthetic cleanliness, olfactory, scent, air quality, fragrance	Purchase intentions	(Kearney et al. 2013; Mattila & Wirtz 2001)
	Temperature	Purchase intentions	(Reimer & Kuehn 2005)
	Music, noise, auditory	Purchase intentions	(Kearney et al. 2013; Morin et al. 2007; Oakes & North 2008)
Space/ Layout	Layout	Fulfil functional needs facilitating customer's hedonic and pleasure needs, emotional value-in-use	(Kearney et al. 2013; Wakefield & Blodgett 1996)
Functionality	Meeting facilities such as modern audiovisual equipment	Customer satisfaction	(Crouch & Louviere 2004; Whitfield & Webber 2011)
	Aesthetics and functional qualities amenity and comfort of facilities	Customers' attitude, physical experience	(Ryu & Jang 2008; Wakefield & Blodgett 1996)
	Ventilation, state-of-the-art audiovisual equipment, comfortable sitting, adequate rooms and helpful staff	Important attributes	(Wu & Weber 2005)
Signs, Symbols and artefact	Signs, symbols and artefact visual symbols	First impression of service firms' capability	(Nguyen & Leblanc 2002; Rosenbaum & Massiah 2011; Siu et al. 2012)

2.3.1 Expanded servicescape terminology

The evolving nature of the servicescape model has demonstrated a gap in the research concerning how physical and social environments can influence service industry customers, especially in the sports encounter 'sportscape', restaurant encounter 'dinescape' and hospital experience 'healthscape.' Table 2.3 shows the extended servicescape terms that have emerged.

Table 2.3 Expanded concepts of servicescape

Term	Description	Authors
Winescape	The most critical elements of the Winescape are the natural environment (landscape). Crucial features are the service staff and friendly local people, overall ambience and the diversity of wine estates. The dynamic of first-time and repeat visitation plays a key role in visitor wine tourism behaviour and their perception of the Winescape	(Bruwer & Lesschaeve 2012)
Dinescape	The Dinescape is the distinct design of the physical and build environments of upscale restaurants. The Dinescape contains six elements: facility aesthetics, lighting, ambience, layout, table settings and service staff	(Ryu & Jang 2008)
Healthscape	The study determined the Healthscape factors and examined the perception of inpatients and outpatients of the Healthscape factors	(Yogesh & Satyanarayana 2013)
Brandscape	A systematic concept of the hegemonic Brandscape was developed to explain the cultural dialogues, consumption and symbolic identifications through which consumers experience localised servicescapes, and explain the coreference of personal and collective relations	(Thompson & Arsel 2004)
Sportscape	The Sportscape, which, like the servicescape, is a neologism based on landscape, is defined based on the entire experience of the physical design of the stadium by a fan attending a sporting event. The study's results confirms the stadium design and stadium services (Sportscape) directly influence spectator desire to stay and attend games at a stadium.	(Wakefield & Sloan 1995)
Experiencescape	Experiencescape explains the people's encounter with the physical surroundings and design during their lives and the imagined design of their experiences.	(O'Dell & Billing 2005)
Musicscape	The Musicscape focuses on musical elements explored in the service setting such as concerts and festivals	(Oakes 2000)

This series of studies set out in Table 2.3 identify the distinctive features of the evolving service cluster and how they are related to the introduction and inclusion of industry-specific stimuli, thus extending the servicescape model (Mari & Pogessi 2013; Rosenbaum & Massiah 2011). Therefore, one of the objectives of the thesis is to identify the servicescape

elements of the coworking space and, in the process, contribute the term 'Coworkingscape' to the literature.

Since this thesis uses the coworking space as a research setting, it is important to relate the servicescape discussion to an organisational perspective where the workplace should be designed in such a way that it supports the progress of work carried out within it (Van Leijenhorst et al. 2010). According to Davis et al., from the perspective of design theory, an advanced work environment does not optimise tasks. However, Davis' model (2011) outlines how physical structure and symbolic artefacts influence behaviour in the workplace. A coworking member spends a substantial amount of time in the workspace. The physical environment of the workplace is expected to influence wellbeing, work performance and productivity directly (Van Leijenhorst et al. 2010). By relating the literature from the organisational perspective to the coworking servicescape, it is assumed that positive member perceptions of the physical environment are more likely to produce better work outcomes. Consistent with this assumption, Kamarulzaman et al. (2011) reviewed numerous studies on the effect of the physical office environment on employees and concluded the physical workspace environment can have a significant effect on the behaviour, perceptions and productivity of employees. Several factors of the environment, including workplace design (Brennan et al. 2002; Smith-Jackson & Klein 2009), indoor temperature (Abdou et al. 2006), the use of colour in office setting (Garris & Monroe 2005; Kamaruzzarnan & Zawawi 2010), noise (Ajala 2012) and interior plants (Bringslimark et al. 2007) are considered elements that impact an organisation's individual member performance (Kamarulzaman et al. 2011).

Despite the importance attributed to the concept of a servicescape in the service-marketing literature (Ezeh & Harris 2007), comprehensive empirical studies are still required. This is surprising since research conducted to date reveals the importance of the servicescape for any type of organisation. The servicescape reflects the positive customer perception of an organisation, its service delivery and quality, which subsequently affect customer satisfaction, service experience; repurchase intentions and loyalty (Hoffman & Turley, 2002; Ishaq, 2012; Ishaq et al. 2014; Pareigis et al. 2011; Khan et al. 2014). For example, Newman (2007) demonstrates the significance of the servicescape in terms of the supportive signage and pleasant spatial arrangements that effect customer behaviour by encouraging a positive mood and positive appearance of an organisation in the service industry.

2.3.2 Comparative analysis of servicescape models

As noted, there are multiple constructions on servicescape models by various researchers including Bitner (1992), Baker (1987) and Wagner (2000) which was shown comparatively by the work of Ishaq et al. (1995). The main features of each model as applied to the retail environment are set out in Table 2.4

Table 2.4 Three constructions of the servicescape model

Baker's (1987) Model	Bitner's (1992) Model	Wagner's (2000) Model
1. A major focus is on design elements. 2. Includes architectural design in the model. 3. Includes exterior and interior environment of the servicescape. 4. Focuses on physical environment. 5. Highlights the significant value of social factor in a service environment.	1. Proposes to investigate the influence on consumers' affective and cognitive behavioural responses. 2. Comprised a holistic model. 3. Focus on the internal environment of servicescape. 4. Adapts the model of approach-avoidance behavioural responses to include employee and customer perspectives.	1. The major focus is on design factors. 2. Comprised a holistic framework. 3. The addition of architectural design in the model 4. The inclusion of exterior and interior elements of the servicescape. 5. Influence on influence on consumers' affective and cognitive behavioural responses. 6. Emphasise the aesthetic value as a positive and attractive feature.

Source: Ishaq et al. 1995

Moving forward from Baker's (1987) model whose focus was primarily on architectural design, both Bitner (1992) and Wagner (2000) offer a more holistic framework which considers cognitive and behavioural interactions, with Wagner placing more emphasis on architectural design of the external and internal environment, especially the visual aspect.

The physical environment of a retail servicescape does influence customer perceptions and experience (Baker et al. 1992; Bitner 1992), value (Babin & Attaway 2000; Babin & Darden 1995), time spent in the retail setting (Grossbart et al. 1990), satisfaction (Miles et al. 2012), dissatisfaction (Morrin & Ratneshwar 2000), loyalty, and perceived value (Fernandes & Neves 2014). Hence, it is evident that the consumption environment can directly influence consumer purchasing behaviours, and therefore contributes to the success or failure of the service business (Bitner, 1990, Rosenbaum & Massiah 2011).

However, apart from research conducted in crowded retail settings and shopping malls (Eroglu et al. 2005), the social component of the service environment has rarely been studied empirically. In fact, the social dimensions of the service environment are only presented conceptually by Belk (1975), Baker (1998), Bitner (1992), and in Turley and Milliman's (2000) review of the servicescape literature. The types of interaction and customer involvement in social activities and events within the service establishment that create a social atmosphere are neglected.

2.4 The social servicescape

Despite research in sociology, geography and environmental psychology that emphasise the retail and service environment as a harbour for social activity (for example, Morris & Johnston 1987; Miller, Jackson & Thrift 1998), very little empirical research has been conducted on the influence of the social context on consumption of the retail environment (Gentry & Goodwin 1995; Rosenbaum & Montoya 2007). Tombs and McColl-Kennedy (2003) propose that the service experience of customer is not limited to external stimuli and other physical aspects, such as atmospherics, it also comprises social elements, thus 'the social aspects of the customer's environment [can] act to facilitate or hinder the customer's enjoyment of their experience' (2003, p. 449). Furthermore, their model proposes that customers play a significant role in shaping service experiences, which then influence the patronage decisions in a service environment. Baker's model (1987) also included this element to some extent, but focused more on the relationship of employee and customer as part of the retail atmosphere. However, consistent with Tomb and McColl-Kennedy (2003), McGrath and Otnes' (1995) study affirm that social interactions not only reveal the interactions between sales staff and customer but also between customers, which they refer to as 'stranger interaction.'

Tombs and McColl-Kennedy (2003) emphasise the inclusion of customers and employees as those not merely influenced by the servicescape, but in fact contribute to it. The inclusion of customers is necessary given that many services are performed and experienced in the presence of other customers (Tomb & McColl-Kennedy 2003). This notion is drawn from the psychological concept that the mere presence of others sharing an environment will influence others' social behaviour (Guerin & Innes 2009; Zajonc 1965).

Tombs and McColl-Kennedy (2003) argue for the imperative of studying the social environment, according to service 'context', and introduced the concept of the 'social

servicescape’ as a conceptual model that includes social interactions as stimuli that influence the emotions of others and eventually affect consumer behaviour. Their model introduced the concepts of social density, customer-to-customer interaction (CCI) and customer-to-employee interactions (CCE) However, their work was purely conceptual and they argued that more research that is empirical is required.

The concept of the social servicescape was further developed by Rosenbaum and Massiah (2011) as comprising customer and employee elements encapsulated in a consumption setting. Edvardsson et al. (2010) also suggested that the social dimension influences a customer’s experience in a service setting. Table 1 shows the research setting and social servicescape elements that were used in social servicescape research over the past decade.

Table 2.5: Prior research exploring social servicescape elements

Author/s	Settings	Social servicescape elements
Chang (2016)	Resorts	Employee engagement and interactions with customers
Jang, Ro and Kim (2015)	Restaurants	Presence of other customers in the restaurant; Social crowding in the space
Kauppinen-Räsänen et al. (2014)	Supermarkets	Customer to customer interaction during shopping and employee displayed emotions
Daunt and Harris (2012)	Bars, hotels, restaurants	Customer to customer interaction
Uhrich and Benkenstein (2012)	Sporting events	Sporting fan appearance, density and behaviour
Johnstone (2012)	Shopping Malls	Nurturing and support from non-commercial relationships; Mall visitor interactions
Antun et al. (2010)	Restaurants	Social connectedness, Sense of closeness with other customers
Tombs and McColl-Kennedy (2010)	Cafes	Regular and non-regular customer interactions in coffee shops
Gremler and Gwinner (2008)	Retailers	Interaction with service employees and customer enjoyment
Rosenbaum and Montoya (2007)	Ethnic restaurants	Customer and employee interactions
Nguyen (2006)	Hotels	Service employee friendliness and interactions
Hu and Jasper (2006)	Stores	Customer interactions with employees
Butcher (2005)	Cafes	Customer interactions with employees
Wu and Liang (2009)	Luxury hotel’s restaurant	Interactions among customers and service employees

It is evident that past literature focused mainly on customer and employee interactions as social elements. Only scanty research has focused on the enrichment of socially relevant servicescapes and its impact on the value-in-use experiences. Furthermore, research studying the impact of social servicescape elements has focused mostly on restaurants, cafes and hotels as research settings, thus enriching the servicescape framework and expanding it to different settings will contribute in the development of the service marketing literature. Therefore, Rosenbaum and Massiah (2011) in their expanded servicescape framework conceptualisations suggest that the future research of servicescape should extend its paradigm in studying the influence on consumers' value creation with industry specific social stimulus.

2.4.1 Customer-to-customer interaction (CCI)

Nicholls (2010) suggests CCI has the potential to enhance customer's perceived satisfaction beyond just fulfilling customer's psychological needs. CCI also influences customer satisfaction, loyalty to the service setting and word-of-mouth endorsement (Moore et al. 2005). Third-place research in commercial (Rosenbaum et al. 2007) and not-for-profit (Glover & Parry 2009) areas discloses that customers often revisit these establishments because they derive social support from other customers. Customer connectedness is formed in places where small consumer groups that gather. The social contracts as part of personal bonds people that represent the least of personal obligations, often providing their members with relational benefits, including social support, previously considered restricted to traditional relationships, for example, families, friends, and coworkers (Rosenbaum et al., 2007).

2.4.2 Customer-to-employee interactions (CCE)

Tombs and McColl-Kennedy proposed that consumers perceive their social relationship with employees as an interpersonal advantage that affects both their perceptions of overall firm quality and behavioural responses regarding future consumption and word-of-mouth endorsement (Gwinner et al. 1998; Baker et al. 1992). Others have shown that consumers tend to patronise service establishments for the personal and pleasing support they receive from employees of the service firms for example, the restaurant (Rosenbaum et al. 2007), beauty salon, and retail shops (Price & Arnould 1999). Tombs and McColl-Kennedy's (2003) emphasised that employees should be included as part of the environmental element that influence customer approach/avoidance decisions and social interaction in a servicescape.

2.4.3 Social density

Apart from the influence of social actors, consumers are also influenced by the perceived social density of a servicescape (Rosenbaum & Massiah 2011). Recent, empirical studies on servicescape have shown that high customer densities (that is, crowding) creates unpleasant experience for consumer rather than arousing shopping experience (Mehta et al. 2013) because consumer feel loss of control during the consumption process (Tombs & McColl-Kennedy 2003). On the other and, in many circumstances high densities of customers bring positive customer responses (Turley & Milliman, 2000).

From the social servicescape perspective, it is argued that the reasons for customer attachment to a particular business establishment extends beyond the physical characteristics, actual products or services provided, to more social aspects of the business. These reasons have significant implications for marketing managers because, as noted above, as it has been suggested that, when consumers are involved in a consumption activity within a business setting, they form social connections with others sharing the same setting (Aubert-Gamet & Cova 1999; Cova 1997). Consequently, Cova (1997) and Aubert-Gamet and Cova (1999) proposed that the link between consumers is becoming significantly more important than the actual product, terming this relationship the 'linking value.' Social links are suggested to facilitate the value-in-use of the consumption of the service environment (Ballantyne & Varey 2006). Products may create symbolic value consumption, but social links can also facilitate value-in-use experience. Consistent with research in sociology and the retail environment (Falk & Campbell 1997; Miller et al. 1998; Shields 2003), it is argued in this thesis that marketers should understand the dynamics of the service environment and study the differential effect of how physical and social dimensions facilitate value-in-use experienced by consumers.

Oldenburg's (1999) research on third places suggests the increasing importance of social stimuli relative to an establishment's physical stimuli because customers become attracted to the social connection and elements. These places are defined as third spaces, 'a generic designation of a great variety of public places that host the regular, voluntary, informal, and happily anticipated gathering of individuals beyond the realm of homes and work' (1999, p. 16). However, there is a lack empirical research that evaluates social elements thoroughly (Rosenbaum & Massiah, 2011). While extensive research has been dedicated to understanding visits to retail settings to discover the latest trends and fashions in the

marketplace, or for self-gratification, making repeated visits and having store preferences (Otnes & McGrath 2001; Tuncay & Otnes 2007; Arnold & Reynolds 2012), very little is known about why consumers develop a tendency to extend their stay, affiliate and work in service-oriented establishments.

Debate continues regarding how a place is consumed within a social context (Harris, Baron & Parker 2000; Rosenbaum 2008; Tombs & McColl-Kennedy 2010); how consumers identify the consumption place and other persons within this setting (Price & Arnould 1999; Rosenbaum et al. 2007; Ulaga et al. 2002), and the influence of social servicescape consumption on the value-in-use experienced in the place (Ballantyne & Varey 2006); and thus, further empirical research is required.

Solomon argues, ‘consumption does not occur in a vacuum, because consumers’ consumption experiences are shaped by their social activities’(1983, p. 319). The social experience gained by consumers within a consumption setting is a value attained beyond the place’s physical design characteristics and the type of product or services provided. In agreement with this, some sociologists assert that a consumption setting is mainly a social environment (Miller et al. 1998; Morris & Johnston 1987; Prus & Dawson 1991; Shields 2003). As the social dimension is a vital element of a service environment, the cognisance of community should not be overlooked within the consumption environment. Therefore, consumption and community are discussed as parts of the enrichment of the servicescape model in this thesis.

Moreover, for many service organisations, specifically emerging service businesses that emphasise community, such as coworking spaces, in addition to the influences of the physical setting, the impact of other individuals, customer involvement and events on customer experiences could be greater. For example, a coworking member in a coworking space could experience great benefit in having an idea or information exchange with another coworking member from the same space while having an informal chat at the café area of the space. Furthermore, this benefit is in addition to the effects of a comfortable space to work with proper lighting, seating and music suited to the coworking context. Consideration of the context of a service environment is also an important aspect in understanding the effects of a social environment. This view is supported by Flyvbjerg’s suggestion that ‘the context for an event studied by a researcher thus determines whether the event should count as a relevant event for study’ (2001, p. 42).

2.4.4 The social environment in place consumption

The relation between people and place has become a focus in placed-base studies. The context of people and place is imperative for the marketing research context because it is important to recognise that consumer consumption preferences in certain settings are not only grounded on the business exchanges that transpire within the servicescape. Aubert-Gamet and Cova (1999) asserts that consumers establish social connections with others in their consumption setting. Furthermore, Cova and Aubert-Gamet (1997) argue that the connection between consumers is becoming more significant than the actual product or services.

The servicescape model can be used to explain why place facilitates social ties. Although products can connect people through symbolic consumption, places can also link people through social connectedness. Although sociologists argue the importance of the social dimension in the retail environment (for example, Falk & Campbell 1997; Miller et al. 1998), the focus has not been extended to evaluating the effect on consumer patronage choices and behavioural responses. There is also the notion introduced by geographers Holloway and Hubbard (2001) that people should not be studied separately from place, since the connection between people and place provides a meaningful understanding of the environment.

Rosenbaum and Massiah (2011) argue that, although service settings can expand physical dimensions into servicescapes, as for example, cyberscapes (Williams & Dargel 2004), sportscapes (Lambrecht et al. 2009), shipscapes (Kwortnik 2008) and experience rooms (Edvardsson et al. 2005; Edvardsson et al. 2010), they include objective, strategically manageable stimuli that collectively influence consumers. The service environment also includes subjective, highly dynamic stimuli that affect consumers, such as in their social interactions decisions at different levels (Edvardsson et al. 2010; Zomerdjik & Voss 2010). Rosenbaum & Massiah (2011), through their conceptual expansion of the servicescape, invite scholars to further explore the reasons and dynamics behind different customer responses to same service environmental stimuli. As Zomerdjik and Voss (2010) outline, the consumption of a service environment can be categorised into consumption, social and experience-centric, whereby customer response to the aesthetic design and set-up can be contingent on how he or she aims to consume the service environment.

Anticipating the evolving nature of the service environment as discussed above, Bitner (1992) acknowledged that, even though her proposed servicescape model consists mainly of

designed physical stimuli, consumers are also affected by social elements that exist within the servicescape, but left further exploration of the social dimensions to future research.

As noted, social dimensions of a service environment posit the human elements, such as other customers and employees, which influence consumer decisions to approach or avoid a service establishment (Rosenbaum & Massiah 2011). Rosenbaum and Massiah (2011) also suggest that research should be expanded to include other behavioural responses such as recommendations, positive word-of-mouth endorsement and loyalty to the service establishment.

2.4.5 The social environment from an organisational perspective

In the context of coworking, the social environment provides the basis for new relationships, and the physical environment drives this dynamic. From the organisational perspective on the effectiveness of social environment on member performance, Nonaka and Toyama's (2007) work is important. They introduced the term 'Ba' (an enabling context) to refer to a shared space for emerging relationships. They argue that people share space to communicate, interact, and by these interactions develop valuable contacts. By communicating with others, either formally or informally, people tend to receive feedback and ideas. Lasting profitable relationships may be developed by communicating shared topics and interests.

In their paper, 'Improving the coworking experience', The BYO consulting team outlined several social indicators of the coworking space suitable for empirical testing, set out in Table 2.5. Also, see Fliegner et al. (2012). The BYO study was the first empirical research conducted on the importance of the social environment of the coworking space. The authors outlined the social elements of a coworking space that could be explored by further studies and support research in the commercial (Rosenbaum 2008) and not-for-profit (Glover & Parry 2009) sectors that reveal that patrons often patronise certain establishments because they derive supportive social resources from other customers (KPD Balakrishnan et al. 2016).

Table 2.6 Coworking social environment indicators

Social indicators
<i>Interaction</i> In what ways does the space work to build effective interaction among its coworking members? Do members tend to get to know each other personally and/or professionally or do they tend to keep to themselves?
<i>Professional development activities</i> To what extent do the events organised support the professional development of members? Does the coworking space provide highly curated or professional customer events for members or does the space lack activities?
<i>Collaboration</i> How much are members encouraged or expected to collaborate on projects? Is collaboration centrally supported and encouraged, or do members tend to work alone in their teams?

Source: BYO consulting (2012)

Value creation within a space is not restricted to the physical dimension but includes interactions that occur within the space (Nonaka & Konno 1998). This expanded concept of space unifies the physical and shared social culture within the physical setting which forms the climate of an organisation. Shared values and beliefs which comprise this culture are of fundamental importance for knowledge development because they facilitate the creative process and impact people who share that place.

2.4.6 Social support as part of the social servicescape

Research in social psychology and health conceptualise social support as ‘social resources that an individual perceives to be available, or that are provided to them, by non-professionals in the context of both formal support groups and informal helping relationships’ (Cohen et al. 2000, p.4). Oldenburg (1999) stresses the ability of those locations and people in the places to empower each other as third places. Third places can act as a source of social relationships for customers, and attachment to these relationships within spaces is greater than that to the place per se (Oldenburg 2001). In a study of senior citizens in a coffee shop setting, Oldenburg (2001) argues that although the physical setting of third-place establishments is important, the real benefit lies in the human element, often overlooked. Sociological studies

also explore social support in terms of person-place effect by observing consumers who often patronise commercial establishments as third places (Lofland 1998).

Although the daily activities of people are well explored in a commercial setting, little is known about what is the 'value-in-use' experienced by consumers. Sherry (1998, 2000) argues that marketers should conduct further research into how and why consumers value commercial establishments and how these places play a significant role in their lives. Rosenbaum (2008) pursued this challenge by extending socio-psychological and health aspects into marketing, demonstrating that social support received through commercial friendship influences the satisfaction of consumers' companionship and emotional needs which arise from social and emotional isolation. The study reveals the effect of emotional and social support on consumer loyalty towards third places. Emotional and social support is considered a valuable factor in increasing business within third places. The research found that consumers could create a feeling of attachment and closeness in public places, for example a bar or café.

2.4.7 Community and social environment

The community is an essential element in enhancing human social, emotional and cognitive experiences (Unger & Wandersman 1985). Rivlin (1987), explains that the bond between people and places has cohesiveness in the way people are connected to the community within that place/space where they are moulded together. Many studies point to the inability to link individuals with their communities and individuals around them and the consequences (Fleming & Von Tscharner 1987; Lippard & Dawson 1997; Putnam 2001; Stumpf, Opitz & Gunkel 2013). Putnam considers this value in terms of social capital, defined as 'the connections among individuals social networks and the norms of reciprocity and trustworthiness that arise from them' (2001, p. 19). Putnam's main concern is that a decline in community connections, sharing, and activity causes an adverse impact on the growth of social capital which eventually affects the social and civil development of society.

Emphasising the importance of social connectedness within a place, Oldenburg (1999) highlights the importance of a community gathering in the neighbourhood for enriching a society because these locations and interactions are empowering. Oldenburg (1999) stresses the ability of those locations and people in the places to empower each other. These findings of the importance of community and social environment are applicable to the social dimensions of a coworking space where the business model emphasises the value proposition

of community and collaboration as part of the service environment which needs to be considered in any study of the concept and effectiveness of coworking spaces.

2.5 The coworking culture as a perceived service environment

Deskmag founder Carsten Foertsch defines coworking as ‘a self-directed, collaborative and flexible work style that is based on mutual trust and the sharing of common core objectives and values among members’ (Deskwanted 2013). The values of coworking are explained in terms of shared values, vision, beliefs and attitudes towards social interaction and collaboration. The sense of community that provides a sense of belonging is the central success factor of a coworking space (Jones et al. 2009). Consumers cognitively and specifically shape meaning to reflect their own sociocultural situations (Arnould & Thompson 2005). The influence transpires through the continuing discourse and consumption practices between actors in marketplace (Kozinets 2001; Al-Mutawa 2013). Coworking is not just about buying membership; it reflects a bilateral relationship. People benefit each other within the community and thereby contribute back to that community (Kwiatkowski & Buczynski 2011).

A social environment with shared values means fostering communication and collaboration within the community. Trust, openness towards a new and diverse community of people and willingness to share ideas and interest in spending time together are values shared in these spaces. The social-cultural environment brings these values together. A coworking space may portray the social environment to be a warm and welcoming space with ongoing formal or informal interactions through events or just sharing a meal or social event. This environment is assumed to have positive impact on emerging relations and connections. New members of the coworking space will connect to space and community easily when others reflect community values. This set of values and community atmosphere is essential for the wellbeing and growth of the members. The six values of coworking are openness, accessibility, community, communication, collaboration, and creativity (Kwiatkowski & Buczynski 2011). Therefore, the values and culture of coworking are assumed to create the sociocultural atmosphere, and to influence the value-in-use, performance and behavioural responses of members.

2.6 Value-in-use and Service-Dominant (S-D) Logic

Various researchers have debated the classical view of a servicescape as being only for the attraction towards service setting. Grönroos and Ravald (2011) and Edvardsson et al. (2010) suggest that further studies concerning the impact of a servicescape should include the value of interaction. Therefore, in this thesis, the effect of the coworking space servicescape on value-in-use is explored, rather than the usual outcomes such as satisfaction, pleasure and arousal related to the physical dimension of the coworking space.

The significance of the concept of value-in-use has been discussed by different researchers (Flint & Mentzer 2006; Macdonald et al. 2011; Vargo & Lusch 2004). Vargo and Lusch (2004) challenged the Goods Dominant (G-D) premise of value as being embedded in production when they argued that value is accessed by customers and others throughout the consumption period and not just at the transaction point. This means that, even when firms offer various value propositions, the determinant of value is conditional upon its use by consumer. Thus, the argument from Service-Dominant logic (S-D Logic) displaces the notion of exchange value in the comprehension of value, and reintroduces it as value-in-use. The concept of value had long been discussed before Vargo and Lusch (2004) in classical economic perspectives and philosophical disciplines dating back to Aristotle (Vargo et al., 2008). However, due to the common use of exchange value at the point of transaction, the term ‘value-in-use’ was widely ignored in economics and marketing contexts, notwithstanding notable scholarly exceptions (Norman & Ramirez 1993).

The notion of exchange value was extended in the literature to explain the service interaction in enacting exchange principles, so the term ‘exchange’ does not solely denote the discrete transaction but includes the whole business and social interaction process (Ballantyne & Varey 2006). The role of time logic in a marketing exchange was therefore emphasised expanding a fixed notion of value determination (Ballantyne & Varey 2006). This means that value-in-use is decided at any point in the consumption of goods/services and in service encounters with a service provider (Nilsson & Ballantyne 2014). For example, just being in a coworking space and working may offer an experiential value for a coworking member. Having a conversation in a meeting room regarding a start-up project with the coworking manager, or conversations regarding a support service offered, may be of experiential value to other members. On the other hand, value might be actualised when coworking members meet and decide to collaborate on a project, which is the actual value received in the

consumption of the space. These outcomes are not alternatives but multiple occurrences of space consumption and value creation according to goals set by the customers. In other words, there are different types of value-in-use that can be experienced by a customer over time. Therefore, integration of resources in creating potential value is the underlying assumption of S-D Logic where the beneficiary determines the meaning of value-in-use (Nilsson & Ballantyne 2014).

Vargo and Lusch (2008) argue the notion of value-in-use is a phenomenological outcome of experiences in consuming a service by a beneficiary. ‘Beneficiary’ usually refers to customers in a service context. Therefore, value-in-use is an appreciative contextual judgement (Nilsson & Ballantyne 2014). The service experience co-creation through an individual’s interaction with the service environment results in enhancing the value of the experiences. However, S-D Logic is an evolving concept that needs further empirical research in exploring the co-creation of value; for example, whether it is determined on case-by-case basis (Ballantyne et al. 2011). Vargo and Lusch (2008) also emphasise that value-in-use can be contextual. Ramaswamy (2011) argue for value co-creation as an outcome of a highly collaborative and purposeful interaction between customers and providers of services. Lusch et al. (2007) adopt a similar view when they contended that value-in-use, as a critical component of S-D Logic, is closely related to customer experience in the consumption process.

Woodruff defines customer value as ‘a customer’s perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer’s goals and purposes in use situations’ (1997, p. 142). This definition of customer value-in-use is widely cited and encompasses most interpretations of customer value-in-use. The concept of value based on product-centric company orientation promotes the belief that value or other benefits attained from the consumption of a service offering can somehow be largely predetermined, controlled, and communicated to the customer in advance through value propositions (Helkkula et al. 2012). However, as Table 2.6 shows, there are many types of perceived value identified by the literature.

Table 2.7 Types of perceived value

Authors	Value	Description
Sheth et al. (1991) Nguyen & Le Blanc (2002)	Functional value	Perceived functional or economic utility of an offering, which is the capability of a product/service to fulfil the purpose it was offered.
	Social value	Perceived value derived from a product/service that enhances a person's social self-concept.
	Emotional value	The capacity of the product/service to initiate consumers' emotions, change their emotional status or arouse their feelings and affective states
	Epistemic value	Perceived value from an offering's ability to stimulate curiosity, offer novelty, and/or satisfy a yearning for knowledge
Smith & Colgate (2007)	Functional/instrumental value	The attributes of the product/service itself; the extent to which a product/service is useful and fulfils customer goals
	Experiential/hedonic value	The degree to which a product/service creates relevant experiences, feelings and emotions for the customer
	Symbolic/expressive value	The level to which customers ascribe or associate psychological meaning to a product/service
	Cost/sacrifice value	The cost or expense that would be related with the use of the product/service
O'Cass & Ngo (2011)	Performance value	This component is related to the product/service attributes and the attributes' performance. This relationship was also noted by Woodruff (1997)
	Pricing value	Reflect reasonable price or the value price. The reasonable price refers to customers trusting they are paying a reasonable price for a product or service; the value price relates to a price that justifies the benefits of purchasing a product
	Relationship value	This component refers to the firm's efforts to create close customer and firm relationship
	Co-creation value	This value is considered when customers find it helpful to influence various parts of the service environment to co-create or co-produce their unique consumption experience

Recently, service-marketing literature has begun to discuss customer perceived value not just as something that is produced or predetermined for customers, but a phenomenon that relates to customer experience and value-in-use (Heinonen 2009; Sanström et al. 2008). For example, coworking space providers should integrate the right servicescape elements in facilitating the value gained by the members in the service setting.

In a service-centric view, value-in-use has become the core any marketing effort (Vargo & Lusch, 2004). Research using S-D Logic (Vargo & Lusch, 2004, 2008) emphasise that value can be operationalised by integration of physical, social and economic resources. Furthermore, the beneficiary, who is the customer, exclusively and contextually determines value-in-use based on their experience of a specific service context (Vargo & Lusch, 2004, 2008). Vargo and Lusch's (2004) seminal work on S-D Logic and that of other scholars (Woodruff & Flint 2006; Payne et al. 2008; Prahalad & Ramaswamy 2004), emphasise that the customer is always a co-creator of value, who co-creates value 'in use.' This notion contrasts with that of value being embedded in tangible goods at the factory gate. S-D Logic gives some indication as to what the phenomenologically determined value outcomes might be. Vargo and Lusch suggest that value is created when the customer's 'wellbeing has somehow been improved' (2008 p. 150) and this is exemplified by the customer feeling relieved because the service has fulfilled its value proposition and is integrated into the customer's life. Overall, the emphasis is on value-in-use (Vargo & Lusch, 2008) and this appears to be close to value as it is experienced which is the major exchange of the marketing service and consumer behaviour. The emerging proposition is that value is not added to goods or created by services, but embedded in the experience created through active participation of the consumers in the service process (Prahalad & Ramaswamy, 2004).

Building on definitions introduced by Woodruff (1997) and Woodruff and Flint (2007), as well Vargo and Lusch (2004, 2008), value-in-use in this study defined as a consumers' perceived benefit or attainment through their experience being in a service environment. Vargo and Lusch's (2004, 2008) definition of service explains the process of how a service provider utilises its resources for the benefit of the customer. However, most services are co-created with the customer and it is not possible, in theory or practice, to separate the experience of the service from that of the customer (Bendapudi & Leone, 2003; Vargo & Lusch, 2004, 2008). Schembri (2006, p. 389) notes that the customer is 'required to co-construct the meaning of services'. This supports a customer-oriented definition of value-in-use as 'the customer's outcome, purpose or objective that is achieved through service' (Macdonald et al. 2011, p. 671)

As shown in Table 2.6 above, Sheth et al. (1991) and Nguyen and LeBlanc (2002) attempted to conceptualise consumer-perceived value dimensions after reviewing 650 articles. They propose four perceived forms of value (functional, social, emotional and epistemic). Smith

and Colgate (2007), proposed a customer-value creation framework that classifies four main types of value that can be created by organisations and benefited from by customers through product or services. They propose their framework as a strategic marketing tool to develop creative product/service concepts and recognise new product/service opportunities. It is emphasised that the sources of value recognised must be suitable and applicable to the context in which they are used. O' Cass and Ngo (2011) highlight that a firm's predetermined value-creation strategy is comprised of performance, pricing, relationship and co-creation of value.

2.6.1 Measuring customer perceived value

Previous studies on customer perceived value focus on its antecedents and consequences. It is conceptualised as a linear function that has a positive effect on behaviour. One of the established measures of customer perceived value developed by Sweeney and Soutar (2001) is PERVAL which is applied to examining value as a linear process. Here, value is perceived across pre-, in-, and post-service consumption phases (Sweeney & Soutar 2001), or in judgement based on in-use experience. As such, it is assumed that the experience of coworking members and their interactions with and within the elements of coworking spaces should translate into value-in-use experiences.

Exploring ways to capture value encountered by the consumer has become a research focus for marketing practitioners and academics by mutually 'creating and enhancing tools for capturing value-in-use for services and communicating value to customers' (Ostrom et al. 2010, p. 26). The challenge is in gaining an extensive understanding of the changing value attained by consumers in different market settings (Anderson & Narus 1998). Gardial and Woodruff (1996) emphasise the importance of understanding customer value from the customer perspective. While the S-D Logic literature postulates the significance of customer value-in-use, the methods of accessing and evaluating this have remained conceptual (Macdonald et al. 2011). Therefore, Macdonald et al. (2011), through their conceptual framework and exploratory study in accessing value-in-use, define the term by building upon Vargo and Lusch (2004, 2008). Woodruff (1997) and Woodruff and Flint (2006) define value-in-use as 'a customer's outcome, purpose or objective that is achieved through service' (2006 p. 671).

2.6.2 *Perceived service value*

Boksberger and Melsen (2011) provide a broad summary of the notion of value and its consequences for the service organisations to promote a better understanding of its importance to service-marketing practitioner and management. Boksberger and Melsen (2011) emphasise perceived value of services is better explained statistically and qualitatively by the multidimensional scale than a single item 'value for money' scale. Furthermore, they argue that perceived value could neither be a mere exchange between quality and price nor simply an outcome of any other single aspect. Perceived value of services is a combination of consumers' assessment of benefits and sacrifices, inclusive of quality and price, for a range of perceived value constructs influencing behavioural responses and the customer's aim of fulfilling their goal in the overall evaluation.

Boksberger and Melsen (2011) recommend future research focus on establishing a richer explanation of the constructs used in the various contexts. Therefore, the future research of value experiences in service marketing perspective could result in improved measures, to better understand the interrelations between perceived value, benefits and, eventually, behavioural responses. Furthermore, by exploring other factors that contribute to perceived value, a much broader understanding of the value construct can be ascertained (Boksberger & Melsen 2011).

Sandström, et al. (2008) and Vargo and Lusch (2004) emphasise that value is perceived and evaluated at the time of service consumption, and this is the standpoint taken by this thesis. Hence, the following conceptualisation is made regarding the link between the perceived servicescape experience and value-in-use: 'Value-in-use is the evaluation of the service experience, that is, the individual judgement of the sum of all the functional and emotional experience outcomes. Value cannot be predefined by the service provider, but is defined by the user of a service during the user consumption' (Sandström et al. 2008, p. 120)

2.7 Consolidating servicescape and S-D Logic towards enrichment of the servicescape framework and assessment of value-in-use experience

S-D Logic comprehends value as appreciative judgements (Nilsson & Ballantyne 2014) by the service consumers who interact with numerous resource integrators using their knowledge and skilfulness (operant resources) of the design of the tangible environment (operand resources) for customer consumption experience (Vargo & Lusch, 2004, 2008). Although not

directly acknowledged in the literature, a servicescape is both an operand (physical design) and operant resource, considering the sociocultural interactions of customer-to-customer, customer-to-staff and social density. Furthermore, consumers become embedded in the assimilation of resource through their intentional presence in a service setting, either in a traditional retail store or in a socially dense service setting. One insight of S-D Logic is the service provider performing a service task with the customer instead of performing service task for or to the customer (Lusch et al., 2007). The relationship between customer, firm and other recipients of the service value is a major factor in S-D Logic in explaining how the customer experience is directly or indirectly created (Vargo & Lusch, 2008).

The servicescape development has evolved from the physical aspect of a business environment towards the more unique aspect of social relationship experiences in a personal manner with the service setting and people within it (Tombs & McColl-Kennedy 2003). There is also a dynamic at work in the way a servicescape is interpreted at different times and service settings due to the social density (Rosenbaum & Massiah (2011). This means that different service providers need to realise the underlying functional, social, cultural and service offering dimensions that represent a servicescape, and how people interrelate within that space to form their consumption experiences (Nilsson & Ballantyne 2014).

Therefore, both the physical design of the servicescape (amenities, ambience, spatial layout and symbolic projections), and the social environment become part of the meaning consumers associate in their evaluation of service experience (Nilsson & Balantyne 2014). Moreover, Johnstone (2012) observes that service providers and managers can overlook the range of considerations customers can personally identify as their environment in which service is experienced and consumed. S-D Logic also contends that service interaction and assessment of value-in-use can occurs in various contexts other than a traditional retailing servicescape. The spa, resort hotel and farmers' markets are obvious examples. Furthermore, Nilsson and Ballantyne (2014) recommend a servicescape be designed beyond a single aspect, for example, the physical design, into multiple interaction dimensions, or 'engagement platforms' to borrow Ramaswamy's (2011) term, where consumer value experiences are influenced. This thesis, therefore, sets out to explore and examine the concept of servicescape in an interactive business environment and to determine its influence on the value-in-use experiences of consumers. Thus, the research provides an opportunity to study the coworking space as service establishment in a different context, leading to its research

question: What are the coworking space's servicescape dimensions and how do they influence value-in-use and positive behavioural responses of the coworking members as the consumers of the coworking space?

2.8 Servicescape and customer behavioural response

The significant impact of the servicescape in terms of atmosphere, physical design, facilities, and amenities on consumer's behavioural responses in terms of satisfaction, intentions to repurchase and word-of-mouth endorsement are widely discussed in service marketing literatures. In general terms, behavioural responses are defined as the disposition of customers to repurchase a product/service from a providing organisation loyalty, fostering positive word-of-mouth endorsement and referrals, thus extending the purchase or use of products or services (KPD Balakrishnan et al. 2016). Behavioural intentions had already become a significant area of interest in marketing research when studies discovered the immense benefits available to organisations through the retention of just one customer. Previous researchers had integrated behavioural responses, such as willingness to repurchase, future patronage, and inclination to recommend the business establishment to others within the Mehrabian-Russell (M-R model) framework (Baker et al., 2002, Hightower, Brady, & Baker, 2002; Macintosh & Lockshin, 1997). Donovan and Rossiter (1982) were interested in understanding the effect of the servicescape on patronage intentions, such as willingness to return to the store and to convey positive word-of-mouth endorsement to fellow customers because of the need to predict customer buying behaviour.

More specifically, consumer behavioural response is defined as 'the degree to which a person has formulated conscious plans to perform or not perform some specified future behaviour' (Warshaw & Davis 1985, p. 214). That is, intention is the proximal cause of such behaviour (Shim et al., 2001). Particularly, Zeithaml et al. (1996) suggest that favourable behavioural responses are associated with a service providers' ability to get their customers to (1) say positive things about them (positive word-of-mouth); (2) recommend them to other consumers; (3) remain loyal (that is, repurchase); (4) spend more with the company; and (5) pay premium prices. According to Jacoby and Chestnut (1978) loyalty is 'The biased behavioural response, expressed over time, by some decision-making unit, with respect to one store out of a set of stores, which is a function of psychological (decision-making and evaluative) processes resulting from commitment' (1978, p. 80). A detailed literature review on the effect of servicescape on behavioural responses in different service settings is shown

in Table 2.7. The table shows how the major influences of servicescapes are evaluated with respect to behavioural responses, perceptions, satisfactions and intentions. However, there are very few studies (Edvardsson et al. 2010; Pareigis et al. 2011; Sandström et al. 2008) incorporating the effect of the service environment on consumers' value-in-use experiences. Therefore, one of the objectives of the present thesis is to explore further value-in-use experiences coworking members and then evaluate the association with perceived servicescape. Therefore, the influence of the emerged enriched servicescape dimensions from this study on value-in-use is measured. Subsequently, the effect of enriched servicescape and value-in use experience are evaluated on behavioural responses and performance in the coworking space.

Table 2.8 The influence of servicescape dimensions on behavioural responses in different business settings

Servicescape variables	Dependent behavioural responses/ intentions	Settings	Methods	Authors
Fragrance	Attitude	Retailing	Experiment	(Fiore et al. 2000)
Background music	Cognitive response, attitude towards the store and employee	University	Experiment	(Chebat et al. 2001)
Music	Wait expectations, store atmosphere evaluation and store patronage intentions	Jewellery Store	Experiment	(Grewal et. al. 2003)
Fragrance	Store evaluation, merchandise evaluations, approach/avoidance behaviours, and money spent	Retail	Field study	(Spangenberg, et al. 2006)
Music	Perceived store image, length of shopping time and consumers' expenditure	Supermarket	Field study	(Vida et al. 2007)
High and slow tempo music	Wait expectations, satisfaction levels, relaxation levels and positive disconfirmation	University	Field study	(Oakes & North 2008)
Music and scent	Consumers' evaluation, behaviour in the shopping experience and impulse buying	Gift Shop	Field study	(Mattila & Wirtz 2001)
Music and scent	Consumer response, shopping styles, impulsive and contemplative shopping	Mall	Field study	(Morrin & Chebat 2005)
Atmosphere: unique colour and music	Customer arousal and customer satisfaction	Hotel Bar	Experiment	(Lin 2010)
Atmosphere (i.e. setting, outside aspect, lighting, colours, smell), store employees	Utilitarian value and hedonic value	Hypermarket	Field study	(Cottet et al. 2006)
Holistic view (social, design and ambience) Physical ambience (aroma, cleanliness, furnishing), employee-oriented (implicit communication, physical attractiveness of staff) Perceived crowding, aesthetic quality of the facility and scoreboard quality	Patronage intentions, shopping experience and store evaluation	Card and Gift Store	Experiment	(Baker et al.2002)
	Product quality ratings, feelings, perceived value, shopping experience and approach/ avoidance behaviour	Mall	Field study	(Michon et al. 2005)
	Intentions to be loyal	Restaurants	Field study	(Harris & Ezech 2008)
	Customer pleasure, loyalty, satisfaction	Stadiums	Laboratory and field study	(Wakefield & Blodgett 1996)

Social servicescape	Place identity, place liking	Restaurant	Field	(Rosenbaum & Montoya 2007)
Service personnel, store environmental factors, other customers	Customer perception	N. A	Field study	(Baker et al. 2007)
Genres of atmospheric cues, the interior (the lighting and special effects) and decoration elements (the signage accompanying the exhibition displays)	Pleasure, arousal and dominance	Museums	Field study	(Kottasz 2006)
Facility aesthetics (such as architectural design, interior design and décor), ambience (music, scent, and temperature), and layout Have significant effects on employees	Customer pleasure and behavioural responses	Upscale restaurants	Field study	(Ryu & Jang 2008)
Atmospheric variables	Consumer values about that environment (comfort, the feeling of a relationship and safety)	Bar	Field study	(Grayson & McNeill 2009)
Pleasant environments	Satisfaction, in-store behaviours	Music store and book Store	Experiment	(Wirtz et al. 2007)
Physical Environment and Contact Personal	Value creation: functional, social, emotional and epistemic values	Airline	Field study	(Cheng et al. 2008)

2.9 Coworking member performance

The fundamental goal of any coworking member in a coworking space is to become successful. In other words, one would aim to perform better than when working from home and in isolation or for example, in the distracted environment of working from a café. To determine whether freelancers, start-ups, entrepreneurs and designers are successful when they are in a coworking space, or able to access their level of success, the topic of performance is discussed. To shed light on the measurement of performance, work conducted in incubation business research is reviewed because there is no previous work conducted specifically on the coworking space context.

To develop a conceptual framework of member performance, it is important to understand it from an academic perspective. Nevertheless, performance is also related to management practice and decision-making. From the sociality viewpoint, performance is also an important concept as firms become a generator of employment, economic development and innovation (Benjamins 2009). Due to this multidimensionality, a new venture or small business performance is seen to be conceptually vague (Murphy et al. 1996) and the situation for coworking members is even more complex. This complexity is partly due to limited research and guidance on the performance concept in the context of new business ventures (Chandler & Jansen 1992; Murphy et al. 1996). There is no consensus on the measurement for assessing new business venture performance.

Lee, Lee and Pennings (2001) conclude that financial performance indicators might not be able fully to evaluate new venture performance as these firms are predominantly in the business development phase. Nevertheless, financial performance is used largely by academics in the field of entrepreneurship as a performance indicator (Murphy et al. 1996). Voisey et al. (2006), aggregated the various perspectives on performance by conceptualising them as ‘soft’ (for example, professionalism, business skills, confidence, and networking) and ‘hard’ (for example, the growth of enterprise and of profitability) indicators. Benjamins (2009) outlines relative overall performance and product distinctiveness as constructs of performance. He measures performance as a dependent variable. It becomes clear from the variety of information identified that, as in general for business performance measures, performance is a multidimensional concept (Benjamins 2009; Hongwei et al. 2008). However, there is no available consensus on the performance indicators appropriate to studying new business ventures and especially not for coworking member business

performance. Therefore, applicable business performance measures are related to the type of analysis and the interpretation is highly contextual (Benjamins 2009) and this means the coworking space as a research setting must be defined.

2.10 Coworking spaces as research setting

In studying their effect on consumption experiences in different service context, the importance of industry-specific servicescape stimuli has been emphasised (Rosenbaum & Massiah 2011; Nilsson & Balantyne 2014). Therefore, the introduction and background for choosing the emerging coworking space as research setting in this thesis was presented in Chapter 1. Nevertheless, a more detailed description of coworking spaces as a research context is required to develop a suitable theoretical framework for studying how the service environment of these spaces influences their value-in-use, and designing a relevant research methodology.

The establishment of coworking spaces, initiated in the USA, subsequently developed worldwide. Brad Neuberg opened the first coworking space in 2005 (Meel & Brinkø 2014). Since then the number of spaces has doubled each year (Deskmag 2013). The motivation behind the establishment of the first coworking space was resistance to ‘unsocial’ business organisations and being unproductive when working from home offices. The typical coworking space is regarded as a ‘home for wellbeing’ offering five to eight desks for two days a week, free wi-fi, shared lunch activity, meditation breaks, massages, and bike tours (DeGuzman & Tang 2011). Table 2.8 shows the expansion of coworking spaces from the 2006 to 2014 worldwide. Starting as a self-initiated project where freelancers came together to work in a collective way, even now, most spaces are operated by people as a side project while doing other work. The spaces provide a physical space, internet connectivity and other business development services, but without direct services such as food catering and phone services.

Table 2.9 Annual Expansion of coworking spaces globally

2006	2007	2008	2009	2010	2011	2012	2013	2014
30	75	150	310	660	1130	2150	3000	6000

Source: (Deskmag, 2016)

The coworking space business concept is flourishing, with freelancers and small business start-ups occupying such spaces, usually with a monthly membership. The coworking setting offers a rich prospect for providing high-value coworking experiences. It is assumed, in the present research, that the individual members gain more in the total value of their experience rather than the transactional value of the membership fee. From a service-marketing lens, real estate companies, space providers, and managers need to rethink the way they approach coworking spaces because their value is not just about building, design and real estate, but providing effective coworking experiences.

Coworking space providers need to consider how their intention for the value propositions of the service environment is the same as that perceived by their consumers as coworking space members. For example, there are coworking spaces that have, as an element of their service environment, a business accelerator within their space. On the other hand, there are coworking spaces, which offer a very creative environment, that have at least one accelerator in the building, even if the accelerator is not part of the coworking space. The co-location of services becomes valuable for a coworking member who will typically run a small business in the space. Hence, the larger environment plays a pivotal role in the coworking space setting facilitating value-in-use experience (Vargo & Lusch 2004).

Important research by Stumpf (2013), which explored the influence of coworking spaces on creativity, reveals that the physical work environment has a direct and indirect effect on creativity. Stumpf (2013) found that the physical environment is interrelated highly with creativity within the coworking space. On the other hand, the social and corporate cultural environment plays an equally important role in fostering creativity. As discussed earlier, the attraction of the coworking space is not just about the physical aspects of the place. Coworking is both a ‘state of mind’ (Kwiatkowski & Buczynski 2011, p. 6) and a ‘social movement’ (Neil Goldberg, cited in Jones et al. 2009) and not just a new business model for renting workspaces. The aim of coworking spaces is to bring together like-minded people

who share a similar understanding of what and how they would like to work. As Kwiatkowski and Buczynski (2011 p. 7) explain:

Coworking is the answer for freelancers and other location-independent professionals who are tired of the isolation of their home offices and the distraction of their local coffee shops. Coworking acknowledges the physical, emotional, and spiritual needs of the independent workforce by providing a community where socialisation and collaboration are readily available.

Stumpf (2013) does not deny the importance of physical space, but emphasises the manifestation of a community which meets and works together. It appears that, without this community, the coworking space will not be functional, and Stumpf (2013), therefore, regards the sense of community as a prerequisite. This is reflected in the summation of the slogan, ‘working alone together’, used by coworkers in coworking spaces across the globe (Spinuzzi 2012).

It is important to highlight that coworking spaces differ from ‘incubators’ dedicated to entrepreneurial developments. This distinction is described by McAdam and Marlow (2007). Incubators are organisations termed ‘hot houses’ that resource finance and infrastructure for entrepreneurial development (Hansen et al. 2000). They take in entrepreneurs with a business plan into the system, offer them a place to operate, and aid them with telephone services, coaching, training programs, IT infrastructure, accounting and tax support, to facilitate their development (Hansen et al. 2000). Investors fund the incubators, which may be in a university, to support the growth of entrepreneurs. Usually, due to the competitive nature of start-ups in the incubator, exchange or sharing of ideas and information rarely happens (Stumpf 2013). Incubators do not take in competitors for the same product/service area, and therefore, lack the essential value of a community.

Start-ups or entrepreneurs can only be in the incubator program for a limited time. The decision to stay is not in the hands of the start-ups or entrepreneurs, but the investors. Stumpf (2013) argues that incubators thus do not reflect communities. However, some would argue that this is untrue, as they may become communities, initially forced by managerial pressures and then through shared experience.

Coworking spaces also need to be distinguished from shared service offices. Service offices rent regular office spaces flexibly for corporate clients. Usually, the shared service offices are

available in major cities, providing a professional place for a company that wishes to rent a space. Therefore, that target group is different to coworking spaces as there is, in general, no community emphasis.

This thesis, therefore, investigates the value experienced from the host business design of the coworking service environment. Value-in-use and service experiences are found to be contextual, referring to a unique set of actors within the marketplace who reciprocate links, which ultimately influences the interactions of sociocultural experiences in the service ecosystem (Chandler & Vargo 2011). It is expected that value-in-use consequently contributes to behavioural responses and member success and competence by being in the coworking space (Stephens & Onofrei 2009).

2.11 Stimulus Organism Response (S-O-R) theory

The Mehrabian-Russell (M-R) model (1974) has been a dominant source of theory in relation to servicescape research. The M-R model elucidates how the behaviour through the emotion is influenced by the environment. The M-R model is built on S-O-R theory where, S-Stimuli (the environmental stimuli) influence O-Organism (an individuals' processing of environmental cues received, and the individual's response/emotional state: pleasure, arousal and dominance). The individual's emotions then drive an individual's various R-Response/s (responses or behaviours, in terms of approach or avoidance behaviours) (Mehrabian & Russell 1974; Donovan & Rossiter, 1982; Namasivayam & Mattila 2007; Jang & Namkung 2009). However, Jacoby (2002) argues that the model needs to evolve as an integrative dynamic approach with overlapping boundaries to understand the strength of each sector of stimuli.

A stimulus can include a characteristic of the environment, such as ambient, scent, space/function, sign, symbol and other elements (Bitner 1992). Nevertheless, Jacoby (2002) argues that the sector of stimuli as environment should not exclude the sociocultural elements, which influence emotions experienced in the setting. As noted above, the M-R model measures emotion based on levels of pleasure, arousal and dominance. One context of research shows how the emotional influence of the environment on people captured by two dimensions of pleasure and arousal (that is, the amount of stimulation and excitement) (Finlay et al. 2007; Mehrabian & Russell 1974).

The M-R model explains that when a person's emotions are influenced by an environment this may also generate a change in behaviour. More specifically, in the M-R model, people were found to respond to places with two general and opposite forms of behaviour: approach or avoidance (Mehrabian & Russell, 1974). Approach behaviour are all positive behaviours towards an environment, including the desire to stay, explore, work or affiliate (Bitner 1992). Avoidance behaviour, indicates the opposite behaviour to an environment in the form of the desire not to stay, explore, work or affiliate.

S-O-R theory helps explain and frame the link between the stimulus (enriched servicescape framework), organism (value-in-use in the form of cognitive, affective and emotional benefits experienced by the coworking members), and response (behavioural responses and performance of coworking members). The S-O-R model still relevant and has been adopted in many recent research recent studies in psychology and marketing (Hightower et al. 2002; Lambrecht, Kaefer, & Ramenofsky, 2009; Jang & Namkung, 2009). Figure 2.2 illustrates the relevance of the M-R model to variables of the present study.

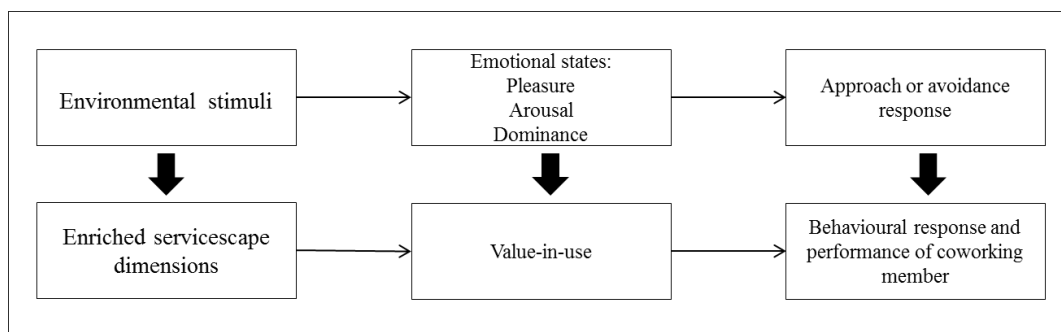


Figure 2.2 Relevance of Stimulus Organism Response (S-O-R) of the M-R Model with the initial research model

Adopting S-O-R theory, the present study examines the following stimuli. Firstly, the combined components of coworking spaces and enriched servicescape cues are explored and established. These include the physical environment such as, ambience, layout, furnishing, symbols, artefacts and facilities. Secondly, the social environment elements included in the servicescape are examined, including member-to-member interaction, participation in events and community engagement. At the organism level, the interactive effects of customers' pleasure and arousal are explored and measured by analysis of the value-in-use experiences of the coworking members. Finally, customers' responses are investigated in two ways: (1) coworking member's behavioural responses towards the coworking space (for example,

loyalty, word-of-mouth endorsement and sense of belonging); and (2) their performance while being within the coworking space (for example, improved business skill, professionalism and business growth).

2.12 Social Facilitation Theory

Social Facilitation Theory suggests that in realising the social characteristic of the environment, the simple presence (or absence) of audiences have consequences for human behaviour (Guerin & Innes 2009; Platania & Moran 2001; Tombs & McColl-Kennedy 2010; Rosenbaum & Massiah 2011). The presence of consumers as part of the servicescape is especially important given that many services are performed in the presence of other customers. In 1965, Robert Zajonc proposed the first Activation Theory for social facilitation (Zajonc 1965). Drawing on psychology, he proposed that the simple presence of others would prompt monitoring of other social behaviours. Guerin and Innes (2009) wrote the first lengthy study on social facilitation. They discuss how, within the environment, the social cues are possibly to receive more consideration than the non-social or physical cues, emphasising that the presence of other people affects the way someone behaves within a social setting (Guerin & Innes 2009). For example, in the context of the setting of this thesis, being in a coworking space with other coworking members who are like-minded and supportive will motivate new and current members in the coworking environment to be productive and creative.

2.13 The Gestalt concept

The term ‘Gestalt’ is derived from the German, and implies ‘a whole configuration’ (Koffka, 1935). Lin (2004) argues the Gestalt principle is particularly suitable for studying the effects of environmental features on behaviour. The aim of discussing the Gestalt concept is to support the notion that an individual’s evaluation and perception of a servicescape is not based on a single characteristic of setting. The concept of Gestalt is based on assumptions about how living organisms relate to their environment (Carmer & Rouzer 1974). The idea of a ‘whole configuration’ (Lin 2004; Lin & Mattila 2010) is particularly appropriate when evaluating the overall coworking space setting and the customer coworking experiences. Ariffin et al. (2013) and Lin (2010) study shows consumers interpret service experiences holistically, considering multiple characteristics influencing their value perception and satisfaction. The notion of a Gestalt calls for more attention to the holistic impacts of the environment on consumer reactions (Ariffin et al. 2013; Lin 2010). Adopting the notion of Gestalt, this thesis argues that combinations of environmental elements should be explored

specific to particular service settings. Accordingly, in the present study, coworking members are assumed to consider multiple coworking space elements as their value-in-use experience.

2.14 Conceptual framework and conclusion

The above literature review contributes to a better conceptualisation of servicescape elements by outlining the effect of both the physical and social elements that facilitate the value-in-use experiences in a service setting. Figure 2.3 illustrates the relations postulated through the conceptualisation of the literature review for further exploration and evaluation.

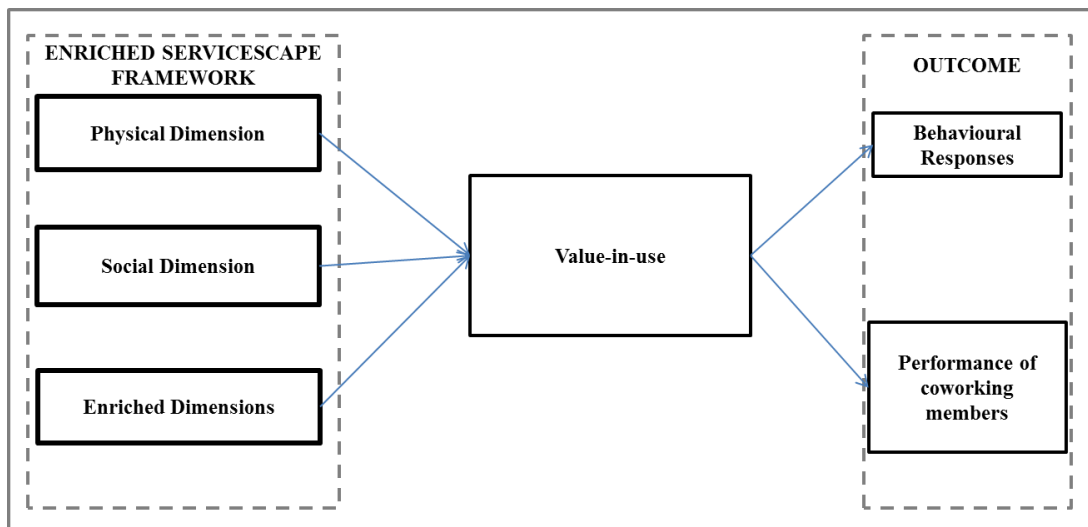


Figure 2.3 Initial research framework for the study

The thesis advocates that the social dimension be explored as a crucial aspect of a socially dense service setting. In addition, the social setting defines a servicescape's social stimuli to comprise employees, customers, social density and displayed emotions of others. However, there are limitations inherent in any conceptualised framework, which require an in-depth qualitative study to explore the constructs of servicescape elements and value-in-use based on the coworking context and further evaluated through quantitative approach.

By drawing on various disciplines, this chapter illustrates the multidimensional structure of servicescapes and relates this to outcomes of value-in-use experiences and customer behaviour, which exceed the effects of the physical elements of the servicescape. New identified and enriched servicescape and value-in-use constructs have been extended to predict correlation and regression relationships between the variables, based on service-oriented business in general and coworking spaces in particular. Nevertheless, as noted, the actual elements of the coworking space and their relative influences must be discovered by

qualitative research. This is explained in the next chapter, which sets out the research design and methodology of the study for the qualitative study phase of the research, with the aim of exploring the servicescape elements and value-in-use specific to the coworking space setting.

CHAPTER 3:

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents a detailed discussion on the research design process and methods employed to explore the research questions and objectives discussed in chapter 1. A pragmatic research paradigm was chosen for this research. The study utilised a mixed-method research design to cover a two-phase process: (1) a qualitative field study to explore and enrich the servicescape model and value-in-use experiences to develop a survey instrument; and (2), a quantitative phase to test the research hypotheses. In this chapter, the paradigm of the mixed-methods approach is detailed and the methods for conducting the qualitative study are presented. This chapter addresses the overall research design and definitions, and justifies the choice of the research approach. It also provides an overview of the research process and presents the qualitative data collection methods (visual documentation, unobtrusive observations and in-depth interviews), the respondent criteria and data analysis. The methods for the quantitative study are presented in chapter 6.

3.2 Research paradigm

In guiding the research work, actions and arguments, a core set of beliefs or philosophical views are required as ‘the research paradigm’ (Lincoln et al. 2011) or ‘worldview’ (Creswell 2009). The importance of deciding on a specific paradigm is that, ‘although philosophical ideas remain largely hidden in research, they still influence research and need to be identified’ (Creswell 2009, p. 5). Paradigms can be interpreted widely as research methodologies (Neuman 2000). Mackenzie and Knipe explain the importance of the investigation paradigm because it ‘influences the way knowledge is studied and interpreted’ (2006 p. 2). Based on the importance of research paradigm, the present study used a pragmatic paradigm by employing a mixed-methods study widely endorsed by scholars (Creswell 2009; Tashakkori & Teddlie 2010). A pragmatic paradigm is not devoted to any one system of philosophy or reality. Pragmatist researchers focus on the ‘what’ and ‘how’ of the research problem (Creswell 2003, p. 11). This paradigm enables the researcher to extract many ideas, engage with ‘what works’, and adapt diverse methods in valuing both objective and subjective knowledge. Therefore, Tashakkori and Teddlie (2003) link the pragmatic view with mixed-methods research arguing:

- (1) That qualitative and quantitative approaches can be utilised in a single study
- (2) The primary importance is given to the research question—more than the method or the worldview philosophy underlying the method
- (3) A rejection of the dichotomy between post-positivism and constructivism
- (4) That the realism context using metaphysical concepts such as ‘truth’ and ‘reality’ should also be abandoned
- (5) That a practical and applied research view and philosophy should guide methodological choices

Pioneers in pragmatism have ‘rejected the scientific notion that social inquiry was able to access the ‘truth’ about the real world solely by a single scientific method’ (Mertens 2005, p. 26). Pragmatism is argued as the paradigm that provides the fundamental philosophical framework for mixed-methods research (Tashakkori & Teddlie 2003; Somekh & Lewin, 2005). Nevertheless, other mixed-methods researchers align themselves philosophically to the transformative paradigm that breaks the existing scientific paradigms and one paradigm is inverted for another (Mertens, 2005). However, it can be said that a mixed-methods approach could be integrated with any paradigm. The pragmatic paradigm sits ‘the research problem’ as the primary focus and relates all methods to understanding the problem (Creswell 2003, p. 11). Pragmatic researchers are said to be liberal in choosing available methods and techniques in the way they collect, analyse and interpret the data that suit the research objectives (Morgan 2013; Tashakkori & Teddlie 2003). Therefore, the pragmatic approach is relevant in adapting a mixed-methods approach for inquiring into data with both qualitative and quantitative assumptions (Creswell 2013).

3.3 Principles for designing a mixed-methods approach

Clark and Cresswell (2013) emphasise that mixed-method designs can be either fixed or emergent, depending on the researcher’s choice in considering the approach they use as the best alternative. As for the fixed mixed-method, the researcher usually predetermines the use of qualitative and quantitative approaches and procedures at the planning stage and implements it accordingly. On the other hand, when there is an issue emerging during the process of research that requires adding a second approach (quantitative or qualitative) because there is an inadequacy in a single approach, this is known as emergent mixed-methods design. In the study presented in this thesis, a fixed mixed-methods design was employed. This is explained as follows.

This study adopted a 'dynamic approach' because 'a mixed-methods design focus on a design process that considers and interrelates multiple components of research design rather than placing emphasis on selecting an appropriate design from an existing typology' (Clark & Creswell 2011, p. 59). There are five interrelated components should be considered by a researcher when designing a mixed-methods research: the study's purpose; conceptual framework; research questions; methods; and validity considerations (Maxwell & Loomis (2003).

It was important for the present study to emphasise the research questions and objectives and associate them with pragmatic paradigm and the fixed mixed-methods design. The research questions and the first two objectives required discovery of some of the servicescape elements and value-in-use experiences that may influence the behavioural responses and performance of the coworking members, and thus the development of an enriched servicescape conceptual framework. The model was developed and enriched by combining the background literature and real-world opinions of the members consuming coworking spaces. Finally, the objectives of the study required that the model be tested to determine the relative effects of the enriched servicescape dimensions on value-in-use, behavioural responses and coworking member performance. Therefore, a sequential exploratory strategy underpins the method for the research as suggested by Creswell (2009, p. 11) which encompasses the qualitative leading to a quantitative approach to achieve the desired research objectives.

The data collection and analysis methods were chosen by keeping the research question as the 'main' focus, which provides comprehensions into the issue with no philosophical emphasis to any paradigm. A pragmatic paradigm is thought to have some flexibility compared to other paradigms, as it combines two types of research methods, qualitative and quantitative, allowing for commencement of research at various points; for example, during the literature review, the development of framework and model and through data collection. Therefore, the pragmatic paradigm offers an avenue for 'multiple methods, different worldviews, and different assumptions, as well as various forms of data collection and analysis in the mixed methods study' to be adapted in the research (Creswell 2003, p. 12).

3.4 The mixed-method design

As noted, a two-phase mixed-methods design was selected for this research. Mixed-methods research is a methodology for conducting research that involves collecting, analysing, and integrating (or mixing) quantitative and qualitative analysis (and data) into a single study, a series of studies, or a longitudinal program of inquiry (Tashakkori & Teddlie 2010). Creswell and Clark provide a more comprehensive definition as follows (2003 p. 5):

Mixed methods research is a research design with philosophical assumptions as well as methods of inquiry. As a methodology, it involves philosophical assumptions that guide the direction of the collection and analysis of data and the mixture of qualitative and quantitative data in a single study or series of studies.

The purpose of this form of mixed-methods research is that qualitative and quantitative research approaches in combination provide a better understanding of a research problem or issue than either research approach alone can provide (Tashakkori & Teddlie 2010). Accordingly, the sequential mixed-methods study enables the researcher to explore participant views with the intention of using this information to develop an instrument and test with a sample from a population (Creswell, 2013). Figure 3.1 shows the flow of the mixed-methods approach with sequential design adopted for this study.

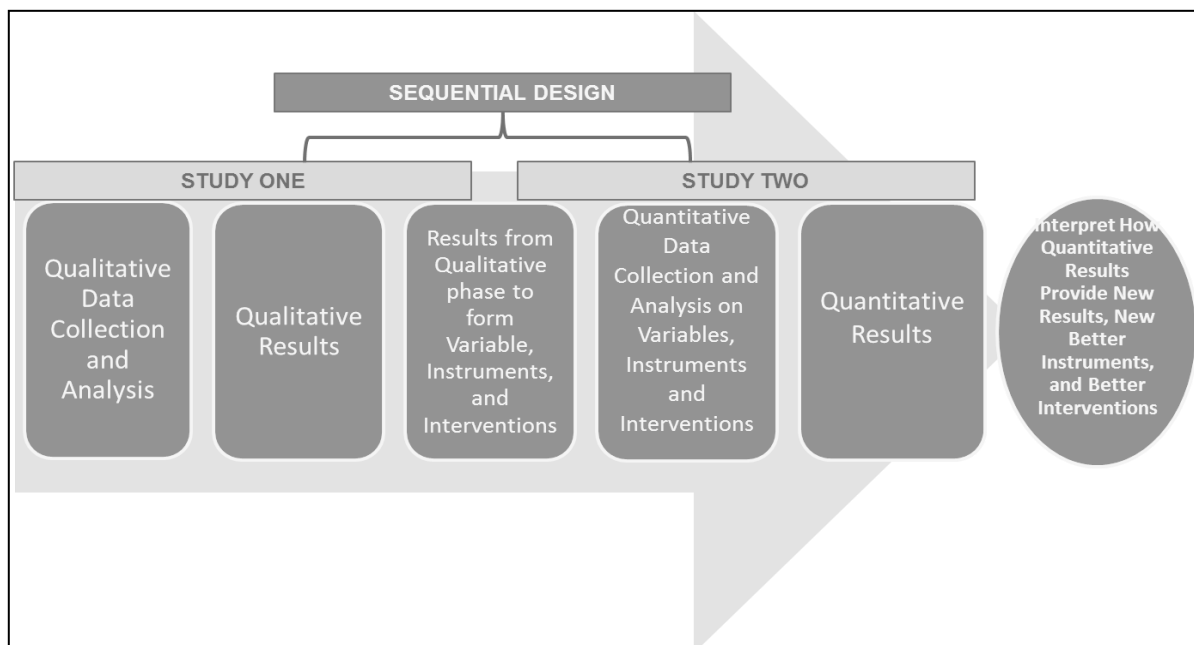


Figure 3.1 Mixed-methods approach with sequential design

As the coworking space service setting has not been studied before through the servicescape and service-marketing lenses, the present study requires an exploratory phase to understand the setting and servicescape stimuli specific to context. Therefore, perceptions and views from the members of the coworking space need to be collected before the effects of servicescape elements can be further tested. The qualitative method is employed to answer the first and second Sub-Research Questions:

Research Question 1: What are the servicescape dimensions specific to the coworking space context?

Research Question 2: What are the value-in-use experiences of coworking members by being in a coworking servicescape?

The findings on servicescape dimensions and value-in-use identified from the qualitative method and past literatures were used to develop a questionnaire for an online survey to answer the third research question, which is answered utilising the quantitative method:

Research Question 3: What are the relative effects of the enriched servicescape dimensions on the value-in-use experiences, behavioural responses and the performance of coworking space members?

This integration is implemented based on the following argument by Bazeley who defines integration in mixed methodology research as follows (2010, p. 432):

Integration can be said to occur to the extent that different data elements and various strategies for analysis of those elements are combined throughout a study in such a way as to become interdependent in reaching a common theoretical or research goal, thereby producing findings that are greater than the sum of the parts.

3.5 Exploratory sequential research process

As explained by Creswell, the sequential exploratory strategy is a mixed-methods approach that ‘involves the first phase of qualitative data collection and analysis, followed by the second phase of quantitative data collection and analysis that builds on the results of the first qualitative phase’ (2009, p. 211). The sequential exploratory design begins with and focuses on the collection and analysis of qualitative data, exploring an intricate research area, and then designing a survey instrument that combines the theoretical concepts and elements that

emerged from the qualitative findings. The design is based on the principle that the exploration is required for one of three reasons: (1) measure or instruments are not available; (2) the variables are unknown; (3) there is no guiding framework or theory. The explorative nature of the first phase of the design is best suited to study the phenomena (Creswell 2003) specific to the coworking space setting.

This study fulfilled the rationale above in the context that: (1) the servicescape dimensions needed enrichment and the concept of value-in-use experience needed to be explored; (2) the scale and instruments were needed to be developed for the enriched servicescape dimensions and value-in-use experience specific to coworking spaces; and (3), the initial framework developed in Chapter 2 needed to be modified and finalised. There are three levels to this approach (Clark and Creswell 2011): (1) collecting qualitative data and analysing it; (2) using the analysis to develop the final research model and survey instruments; and (3) administering the instruments for quantitative data collection and analysis. Tashakkori and Teddlie (2003) claimed that ‘the major advantage of mixed methods research is that it enables the researcher to simultaneously answer confirmatory and exploratory questions, and therefore verify and generate theory in the same study’ (2003, p. 15). Creswell (2009) also highlights that, through the exploratory phase, the mixed-methods approach can help to develop survey instruments when existing instruments are not adequate.

As discussed in the previous chapter, there is a lack of relevant empirical studies of and appropriate scales to measure enriched servicescape dimensions and value-in-use experience in Australia’s coworking space businesses. Therefore, the mixed-methods approach in this research assists in two ways: (1) the qualitative phase can answer questions about variables of enriched servicescape and value-in-use, which is important in gathering the coworking member opinions and developing the survey instrument; and (2), the quantitative phase can determine that a particularly enriched servicescape dimension has a predictive relation with value-in-use, behavioural responses and coworking member performance, which is important for theory development as well as for relevant coworking-space providers, designers and managers of coworking-space businesses.

Figure 3.2 shows the flow chart of the basic procedures in implementing an exploratory designed as suggested by Clark and Creswell (2011, p. 88).

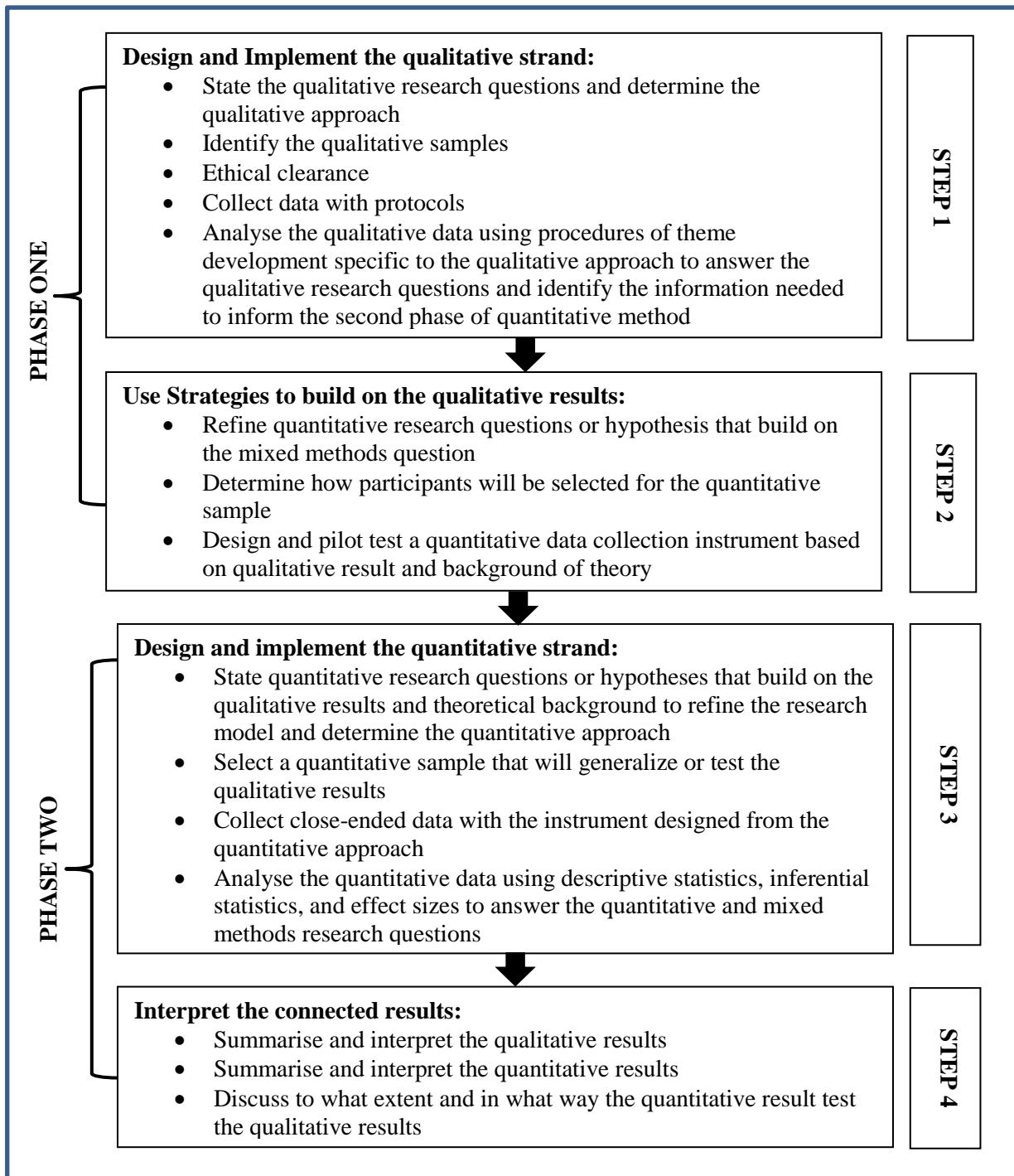


Figure 3.2 Flow chart of basic research procedures as proposed by Clark and Creswell (2011)

Multiple data collection techniques were applied in the qualitative phase including visual documentation, observations and in-depth interviews. The output of the phase one study was analysed, and the results, together with the existing literature were used to develop the survey instruments in phase two. A pilot study was conducted to contextualise and refine the questionnaire instrument. The pilot study resulted in a revised final questionnaire. The

quantitative data were collected via a web-based survey. The survey questionnaire is included in the appendices of this thesis

The qualitative phase and methodologies are described further in this chapter. The bridging of qualitative findings, the finalised research model and hypothesis development of step three in the Figure 3.2 flow chart above are detailed in Chapter 6. The quantitative methodologies are detailed in Chapter 7. The Participation Information and Consent form was provided to all respondents before the interviews and surveys were conducted, also included in the appendices. For those who provided their email addresses, information was sent to their email accounts before the interviews. The objectives of the study, the questions and the respondents' rights were discussed with the respondents before the commencement of the qualitative data collection. Furthermore, ethics application for the research process was approved by the Australian Research Council and the RMIT ethics committee.

3.6 Qualitative phase: research objectives

This section discusses the research objectives, research design and justification, research procedures and methods of data analysis. As mentioned previously, to understand how consumers' perception of the servicescape influences the value-in-use of a service setting, it is first necessary to explore the perceptions of service environment dimensions ascribed to the servicescape. This phase investigated which servicescape attributes are significant to consumers and perceptions consumers have of those attributes (Tharenou et al. 2007). Subsequently, the study explores customer value-in-use experiences of being in a service setting. Thus, the objective of the qualitative phase is to empirically develop the enriched servicescape framework and determine the value-in-use experiences consumers have in the coworking space.

3.7 Qualitative data collection methods

Qualitative methodology is employed to achieve the research objectives presented above. This methodology is more relevant to the exploration of the physical and social servicescape of the specific coworking-space setting and the value-in-use experienced by coworking members. As noted, when little is known about the research setting, conducting qualitative research before a quantitative phase serves as an appropriate procedure for an exploratory sequential mixed design. The qualitative phase allows the researcher to explore, identify and clarify the kinds of variables requiring further investigation. The qualitative approach

provided a detailed description of the phenomena of interest using informant perceptions (Tharenou et al. 2007). The qualitative data is then interpreted subjectively tending to raise issues about data generalisability and rigour (Lee & Lings, 2008). Nevertheless, using extensive qualitative methods sequentially with a quantitative method (such as survey data collected and statistical analysis in this thesis) warrants the validity and generalisability of exploratory studies.

The qualitative method is employed ‘to obtain the intricate details about phenomena such as feelings, thought processes and emotions that are difficult to extract or learn about through more conventional research’ (Strauss & Corbin 1998, p. 11). Furthermore, Eisner argues that ‘qualitative inquiry penetrates the surface’ (1998, p 35). As one of the objectives of the study is the qualitative exploration of physical and social factors that contribute to coworking member judgements of value-in-use in a coworking space, the qualitative method is suitable for this objective. The method of such an inquiry required a thick description of occasions and the meanings these occasions and encounters have for those who experience them (Eisner 1998). The meaning behind the value experienced by the coworking members within the space is shaped and constructed by the members as beneficiaries based on their experiences through occasions and influenced by the perceptions they bring to their experiences (Waxman 2006).

These perceptions include participant member descriptions of their total perceptions and experiences. Crumpacker (2001) described the way the field site is viewed through the lens of the researcher. As the qualitative method is an exploratory phase, emergence is the foundation of this methodology (Strauss & Corbin 1998). Therefore, initial observation and understanding gathered from the literature review allowed the dimensions of physical, social and value-in-use to emerge for further exploration. The qualitative phase required the researcher to be sensitive to the expressions and actions of the respondents and to have the ability to immerse and dedicate themselves in the research process (Waxman 2006; Corbin & Strauss 2008).

The researcher being the instrument, or as Eisner put it, the *self* as an instrument, is an important part of the qualitative method. As Eisner argues, ‘the self is the instrument that engages the situation and makes sense of it’ (1998, p. 34). Eisner also argues that the exceptional expertise and skills of the researcher is central to qualitative inquiry. Hence, the investigators should conduct fieldwork in a way that ‘makes sense to them, given the problem

in which they are interested, the aptitude they possess, and the context in which they work' (1998, p.169). As the present study required an understanding of the social, physical and other salient elements of coworking spaces, Eisner's stress on the self also applies to the experience of value-in-use of coworking members since they were instrument 'through which we experience the qualities that constitute the environment in which we live' (1998, p. 21).

Bogdan and Biklen (2003) argue that qualitative research should focus on the process more than the outcomes or products. In short, qualitative data collection concerns how things occur. The dynamic at work in this type of research assumes the change is a constant and ongoing part of the research (Fraenkel & Wallen 2000). In addition, Fraenkel and Wallen (2000) consider that '[researchers] are likely to observe how people interact with each other; how certain kinds of questions are answered; the meanings that people give to certain words and actions; [and] how people's attitudes are translated into actions' (2000), p. 503). In analysing the qualitative data, the 'qualitative researcher tends to analyse their data inductively' (Bogdan & Biklen 1998, p. 6). The findings from the induction process in the present study were used for development of the second phase of quantitative research.

As noted, the design of the qualitative phase included face-to-face interviews, visual documentation and observation. Since the coworking space is an interactive environment, it is considered dynamic. Thus, the research focus on the interaction between the person-environmental connection specific to the service context required an explanation of the dynamic flow of events (Waxman 2006). It was important to explore and understand coworking member experiences and perceptions of the environment they were occupying. Noting what people's activity, perceptions, experience, behaviour, interactions and feelings within the research setting was an important part of the study (Dewey & Bentley 1991). The goal was to explore the perceived servicescape dimensions and value-in-use of the space to the participants.

This study took place in two coworking spaces located in Melbourne, Australia, chosen for two reasons. Firstly, coworking spaces are settings with unique environments that promote the social environment and community as part of their business design, thereby allowing both the physical and social servicescape to be studied. Secondly the increase of coworking spaces opening in Australian cities over the last five years made this unique service space setting particularly relevant (Deskmag 2013). The two coworking spaces employed different business models. The first was a large national chain having a diverse community of

members, and the second was a venture capitalist-owned coworking space focusing on tech start-up community members.

As noted earlier, by collecting data through face-to-face interviews, observations and visual documentation, the findings from this qualitative dataset were used to develop information for the survey instrument. Through the survey, the physical and social servicescape elements of coworking spaces were then tested to investigate the relative effect of these independent factors on value-in-use and behavioural responses for members in larger numbers of coworking spaces.

3.8 The research setting: Characteristics of coworking spaces

This section explains the profile of both the coworking spaces chosen as the research settings where the observations and interviews were conducted.

3.8.1 *Coworking Space 1 (CSI)*

CS 1 is part of a national chain and the largest coworking space in Melbourne and Australia, and located in the Melbourne CBD, close to the Southern Cross Station. This space was established on the second and third floors of a famous heritage-listed building with wooden floors which contributes to the character of the space. CSI features a diverse community of members, including entrepreneurs, intrapreneurs, professional freelancers, creative designers, ‘edge’ thinkers and small businesses. Amenities provided included a 100MB Fibre wi-fi, flexible desks, private desks and studios as coworking options.

CSI has 10 meeting spaces with two to eight-person capacity. The event space called the green room is bookable, and seats 40 people. The event space is equipped with a data projector for presentations and a kitchenette. Other facilities and interior features include a fully equipped kitchen, shower facilities, stand-up desks, bike racks, table tennis, a napping or meditation space, beanbag and sofa cushions area, and a hammock for relaxation. All these open facilities and interior are on the third floor that is the open space ballroom. To cater for private offices, CSI provides private studios for three to ten persons, and a quiet open layout on the second floor of the space.



Figure 3.3 Exterior view of CS1

Source: Visual documentation for research purpose



Figure 3.4 Interior view of CS1

Source: Visual documentation for research purpose

3.8.2 *Coworking Space 2 (CS2)*

CS 2 is owned by a venture capitalist organisation created to focus on early-stage technology entrepreneurs or tech start-ups as the qualification for membership. It was established in 2011 inside an 1850s heritage-listed space. The coworking space has more than 50 start-ups as full-time members occupying an impressive bluestone warehouse with an industrial aesthetic. CS2 has an authenticity about it that comes from the repurposing of a butter factory in the form in which it was originally built. The distinct business orientation of this coworking space is a focus on a tech-based community of members. The 577sqm space has two floors, with an open-plan space providing an open collaborative/café area, meeting rooms and an industrial fridge renovated into a discussion room. The space could provide for up to 60 entrepreneurs, freelancers and tech start-ups on any given day.

3.9 Visual documentation

To commence the study, information on the physical servicescape of the coworking space was collected. The interior architecture of the elements determined from the servicescape literature served as the instrument to frame the collection of these observations. The interior architecture, such as ambience condition, temperature, access to natural and artificial lighting, music, colour, air quality, furnishings, electrical equipment, internal and external views, space and layout, ability to move furniture and any other notable characteristics were recorded. Photographs of the interior of each space were also taken and used for visual documentation.



Figure 3.5 Exterior view of Coworking Space 2 (CS2)

Source: Visual documentation for research purpose



Figure 3.6 Interior View of Coworking Space 2

Source: Visual documentation for research purpose

3.10 Observation sessions

Observation is a fundamental approach to understanding a culture in qualitative research (Silverman 2013). Observations are appropriate in several conditions and situations. It is found to be an appropriate method when researchers need to have first-hand information and exposure to a new research setting or to understand an unfolding event (Taylor-Powell & Steele 1996). It was applicable in the present study because one of its major focuses was to understand the process of social interactions among coworking members and employees within the coworking space to enrich the social servicescape constructs in the survey instrument.

The unobtrusive observation periods helped in understanding how the coworking spaces were used and how activities that occurred in the space are related to physical and social design of the coworking space setting (Waxman 2006). Before the observation sessions, the layout of the space, denoting furniture arrangement, meeting area setting, and any other important or spatial design characteristics were used to note down the people and activities that took place in the space. Each of the two coworking spaces was observed for 20 hours. There were consideration in conducting the observations on a variety of days and times. The researcher conducted all observation sessions. Therefore, the data collection is free from the inter-reliability issue (Waxman 2006).

3.10.1 The procedure

As the observations were chosen to be part of the data collection, they were made unobtrusively. One of the strengths of unobtrusive observation is that the researcher can study human behaviour in a non-reactive way (Kellehear, 1993). This entails observing human behaviour in a public place without the knowledge of the subject, thus ensuring that they do not react to the researcher but continue with their natural behaviour. An implicit assumption here is that, by being in a public place, an individual's behaviour is open to observation and scrutiny by others in the same environment. However, as the coworkers who were observed in the coworking spaces were complete strangers to the observer, and no method of capturing their identity was used, their anonymity was protected. Furthermore, as these were open space environments, the member could freely leave or avoid the observation.

The observer sat at a side table that allowed clear vision of the entire coworking open space area, was a member at the space, and simply walked in as a coworking member. Adler and

Adler (1994) describe this methodology as simply following the flow of events, where behaviour and interaction continue as they would without the presence or intrusion of the researcher, neither manipulating the environment nor stimulating the participants. All observations were made during week. Since it is not uncommon for a daytime member in the coworking space to be sitting on their own, typing on their laptops or writing on paper, the observations and note-taking by the researcher went unnoticed by other members and staff. Although observation sessions were undertaken on all days of the working week, no discernible differences in behaviour were observed between these days. The observations ranged from 60 to 120 minutes in each session.

3.11 The in-depth interviews

Apart from the observational phase of the data collection, to further understand the coworking space environment, the value these coworking spaces hold for members and the value the spaces try to deliver, in-depth interviews were conducted. This part of the study used face-to-face interviewing to gather research data through verbal questioning and listening (Sarantakos 2005; Fontana & Frey 2000). In-depth face-to-face interviews were conducted with individual coworking members and managers, using a semi-structured format. In this form of interview, the interviewer and interviewee decide together the direction of the interview (Fisher 2007). These interviews were considered the most appropriate method to achieve the goals of the explanatory process (Fontana & Frey 2000; Fisher 2007). The practical expertise of the researcher in conducting interviews could provide an interviewing atmosphere that encouraged participants to engage and respond freely and openly. Therefore, a friendly and comfortable atmosphere was created to make sure participants were at ease (Crabtree & Miller 1999).

Sixteen interviews were conducted, including 10 with coworking members (5 members in each space) to obtain a variety of perspectives. Four community managers/hosts were also interviewed, 2 managers in each space). The interviews were thus divided evenly between the two coworking spaces, lasted 45-60 minutes each and were recorded with notes transcribed for later use in data coding.

3.11.1 In-depth interview: Respondent criteria

For recruiting member respondents in phase one of the study, the condition was that they should be coworking through their membership in a coworking space. As for manager

respondents, the condition was that they be managers, a community catalyst or host in a coworking space. As this study was exploratory in nature, collecting the widest range of data possible was the aim as opposite to achieving sample accuracy (Singleton & Straits 1999). Therefore, a purposeful sampling technique, employing a non-probability sampling strategy, considered suitable for a naturalistic enquiry was used to recruit informants (Lincoln & Guba 1986). Although there is the possibility of unrepresentative sampling resulting from purposeful sampling (Marshall & Rossman 2006), Patton (2005) suggests that the purpose and rationale of the research should motivate the sampling strategy for qualitative research (Zikmund et al. 2007). Purposeful sampling is intended to relate to a sample that is significant and relevant to the research context and issue (Mason, 2002). Accordingly, this type of sampling was considered as a suitable strategy for collecting robust data relating to the exploration of perceptions ascribed to the coworking space servicescape elements and the benefits and value-in-use of being in the space.

While a large sample is not a requirement in qualitative research, the number of interviews carried out till there was emergence of redundancy and saturation in responses of the informants (Dibley & Baker 2001; Lincoln et al 2011; Strauss & Cobin, 1998). Therefore, 16 interviews were conducted. Each manager and host of the two spaces was approached informally, firstly to discuss the research intent, and then, with their agreement, a formal interview was conducted. The members of the space were approached during the social event sessions, where the researcher could share the research intent and invite members to participate in the interview. Those who were interested were then contacted via email for interview appointments. Some of the members were also approached based on the recommendation of the space manager. To get a broad range of perspectives, members interviewed ranged from those who had been in the space more than two years, less than two years and one year.

3.11.2 In-depth interview respondent characteristics: Coworking members and managers

As noted, 16 respondents participated in in-depth interviews from CSI and CS2. Six coworking members and 2 coworking-space managers from each of the 2 coworking spaces took part in the interview. Pseudonyms are used throughout the discussion of findings for confidentiality (Kaiser 2009). The coworking spaces are also not named to help provide confidentiality. Table 3.1 above presents the characteristics of coworking-space members, hosts and managers that participated in the in-depth interviews.

Table 3.1 In-depth interview respondent characteristics

No.	Pseudonyms	Status	Profile of Informants	Space	Length of Membership
1	Mike	Member	Male, around 45, app developer-tech start-up	CS2	3 years
2	Troy	Member	Male, around 35, app developer-tech start-up	CS2	8 months
3	Jason	Member	Male, around 25, coder-tech start-up	CS2	2 years
4	Rima	Member	Female; 32, digital marketing consultant	CS2	1 year
5	Jake	Member	Male, 24, team member, tech start-up	CS2	2 years
6	Ben	Member	Male, 30, start-up	CS2	1 and half years
7	Emily	Space Host	Female, 23, university graduate	CS2	6 months
8	Shan	Space Manager	Male, 28	CS1	3 years
9	Gerald	Space Manager	Male, 30	CS1	3 years
10	Martin	Member	Male, 50, freelance accountant	CS1	4 years
11	Wendy	Space Host	Female, 25	CS1	2 years
12	Larisa	Member	Female, 55, leadership coach	CS1	3 months
13	Hayadh	Member	Male, e-commerce app development company owner	CS1	2 years
14	Athil	Member	Male, tech start-up, web portal development company owner	CS1	2 years
15	Benjamin	Member	Male, 35 web portal development start-up owner	CS1	2 year
16	Shawn	Member	Male, 30s, photography app developer	CS1	1 year

3.12 Ethical considerations

This study conforms to standard ethical procedures. Participants were not at risk in participating in this research activity. No risk means there was neither any harm nor discomfort for informants experienced in the research, in any form of daily encounters performing daily routines or psychological examination. Ethics clearance was obtained from RMIT Human Research Ethics Committee (HREC) (Application No.18723). For the in-depth interviews, a participant consent letter was provided to informants before interviews through email. Moreover, before the interviews commencement, participants signed the consent form.

Participants were given explanations pertinent research purpose, procedure and the assurance of confidentiality and anonymity before the interview. Interviews were conducted at the convenience of the informants in a secure and private area to ensure the informant self-disclosure of information does not create discomfort (Cieurzo & Keitel, 1999). The ethics approval is attached in Appendix I of the thesis.

3.13 In-Depth interview and observation analysis

As previously indicated, for all observations, notes were taken and the in-depth interviews were recorded. The recordings were then transcribed. Ritchie and Spencer (2002) discuss the aim of analysing and interpreting qualitative data is to provide definition, categorisation, concept, explanation, exploration and mapping of data.

During the study, there was the concern that inclusion and integration of different sets of data may be questionable as each technique had a different depth of exploration, distinction, mood and process of drawing the data. Since the focus of all the methods were to explore as much as information relating to both servicescape perceptions and value-in-use experiences, the study was concerned equally with the findings from all data sets, with the findings from each complementary to each other.

The observation field notes and transcriptions of in-depth interviews were combined and transferred into NVivo (version 12). The data was then ready for analysis in search of the unique emergence of servicescape attributes and value-in-use themes from coworking-space experiences. Additionally, the content and thematic analysis techniques were employed to analyse the data. Ozkan (2004) emphasises the following benefits of using NVivo. It is easy-to-use; useful for data coding, managing and organising information; data can be explored easily for multiple purposes (for example, for showing the link and relationship between concepts); efficient; and helpful in establishing a complex database for analysis. Specifically, for the stated motives, NVivo was selected for analysis of the transcriptions from the qualitative phase (Andrew, Salamonson, & Halcomb, 2008; Auld et al. 2007; Bergin 2011; Leech & Onwuegbuzie, 2011) and for data management (Auld et al. 2007; Bazeley 2010; Welsh, 2002), coding of data (Basit 2003; Bazeley 2010; Siccama & Penna, 2008; Welsh 2002) and enhance the validity of data (Siccama & Penna 2008).

It was important to extract statements related to the servicescape salient to coworking members and their value-in-use experiences, develop the enriched servicescape framework

and value-in-use measures. Statements from the informants formed the dimensions and variables. From the transcripts of the 16 interviews and the field notes from unobtrusive observations, 251 data points emerged, initially distinguished as servicescape attributes and value-in-use experiences. Data that were similar were grouped and redundancies identified. Therefore, data not directly relevant in explaining the servicescape and value-in-use experiences were deleted. Consequently, an approach that allowed for a systematic presentation of both a ‘first-order’ analysis by informant-centric terms and codes, and the ‘second-order’ analysis by researcher-centric concepts, themes, and perspective were utilised as the motivation for first and second-order labelling (Corley & Gioia 2011; Van Maanen 1983). Considering, the various reporting of voices, from informant and researcher perspective, allowed a qualitatively rigorous demonstration of the links between the data and the induction of a new concept, sense making, and the kind of insight that is the defining hallmark of high-quality qualitative research (Goia et al. 2013). For many years, this systematic approach has continued to prove useful in conducting research and rigour of conceptual development and theory building (Goia et al. 2013). Table 3.2 shows the data sources for this study.

Table 3.2 Data sources

Data source	Description
Visual documentation	Photographs of physical design of the space, events and activities
Unobtrusive observations	20 hours of observation in each space, at various time and days
Interviews	45–60 minute interviews, 1 (community manager), 1 (space host), 6 (members) from each space. 16 interviews in total

The observations, visual documentation and interviews provided the researcher with clearer insights and understanding on how individual coworking members think, offering an alternative perspective for the research focus (Fontana & Frey 2000; Morgan 1997).

This qualitative phase had five primary goals:

- 1) Obtain insights into how physical, social and other servicescape elements are perceived in a coworking-space setting
- 2) Gain a better understanding of how coworking members view the value-in-use experiences in the coworking space they occupy
- 3) Gain a better understanding of coworking member behavioural responses
- 4) Allow the researcher to be fully involved and immersed in the topic
- 5) Allow the researcher to have a broader perspective into the robustness of the proposed enrichment of test instrument (Churchill & Iacobucci 2006).

3.14 Conclusions

This chapter discussed the pragmatic research paradigm that motivated the integration of mixed-methods design in the research methodology. The principles of the mixed-methods design and the justification for adapting the sequential mixed-methods design were explicated. The qualitative methods used in this study as part of the sequential mixed-methods approach were also defined. Data were collected through visual documentation, unobtrusive observations and in-depth interviews. These three methods were applied because there are limited studies exploring the servicescape beyond the physical setting, and value-in-use experience based on a Service-Dominant context, especially in coworking spaces.

Employing the three qualitative methods permitted the study to explore and collect information, perceptions and experiences of respondents across themes and contexts. Another reason for using this methodology was because it was important to observe the service environment first hand, and to understand the sociocultural context of the research setting, since the coworking space has never been previously researched in terms of the service marketing and consumer behaviour aspects. The following two chapters discuss the results of the qualitative study. Chapter 4 presents the enriched servicescape framework that answers the first research question, and Chapter 5 presents the value-in-use experiences in the coworking spaces, answering the second research question.

CHAPTER 4:

QUALITATIVE FIELD STUDY FINDINGS

PART 1: THE ENRICHED SERVICESCAPE FRAMEWORK

4.1 Introduction

In this chapter, the first research question is addressed and discussed; and the enriched servicescape dimensions specific to the coworking space context are presented. The chapter concludes with an enriched servicescape framework which includes dimensions of social interactions and support, community engagement and events, management support services, physical design and collaborative culture.

4.2 The enriched servicescape framework

As discussed in Chapter 2, one of the focuses of this study is the call for further research to expand the servicescape dimension in different service settings and contexts (Mari & Pogessi 2013; Rosenbaum & Massiah 2011; Tombs & McColl-Kennedy 2003). Therefore, the key findings that emerged from the qualitative phase that combined visual documentation, observations and structured in-depth interviews to explore perceptions of the servicescape elements salient to coworking members are discussed further. Figure 4.1 illustrates the enriched servicescape dimensions and guides the detailed findings of each dimension, discussed in subsequent sections of this chapter

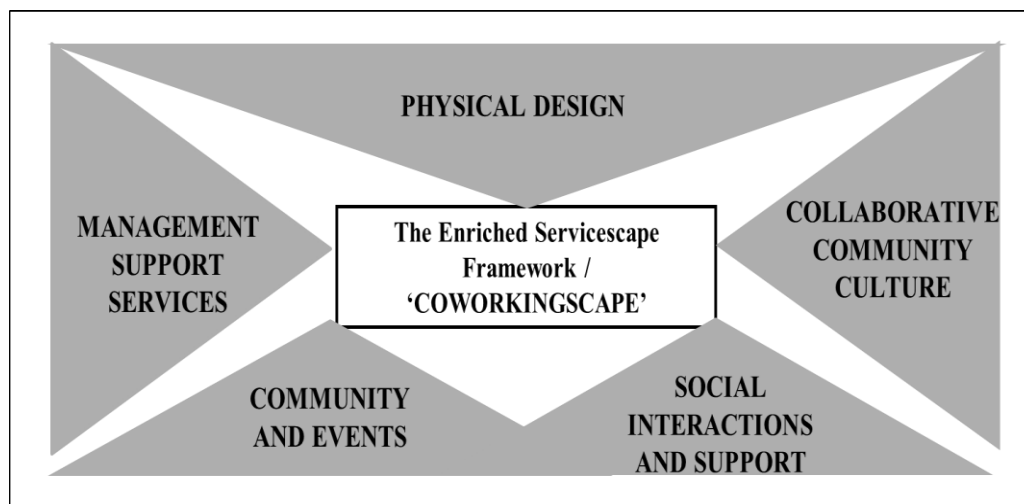


Figure 4.1 Enriched servicescape: The coworkingscape framework

4.3 Enrichment 1: Community engagement and events

For some participants, the community engagement factor was an important aspect and the importance of the community environment was reflected in the responses of coworking members. The salience of the community engagement beyond the physical dimensions of a servicescape is reflected in the comment of one of the members of CS2:

It's about the people. I think too many people think it's about the space, about the facilities, how fast is the Internet. Is the printer free? How do we book meeting rooms? For me, coworking is all about the community and the people. I'm sure everything you see in here will be about the people. For me, the best coworking space is a great community of people that just happen to work under the same roof, a really cool building with floorboards and exposed brick walls that just happen to have a few people working in different businesses. So yeah, I think all the coworking spaces have various levels of success in achieving a strong community like that.

(Mike, Member, CS 2)

The community element is an interesting finding as the engagement is about perceptions of community rather than physical fact. In reality, the coworking space is a physical building and space where consumers pay membership to use the space to work and operate their businesses, yet one can relate to Mike's comments back to fulfilling the unarticulated need for linking value and sense of community (Aubert & Cova 1997) by occupying a coworking space.

Through observations and interviews, the coworking space was found to be as a place that cultivates community engagement among members. The feeling of being part of a community, supporting a community and co-creating a community, reflecting a 'community link', is a recurring expression that emerged from the findings. In particular, engaging in events, meeting and connecting with others in the coworking space were perceived by some of the participants as being representative of a community spirit. Participants clearly stated that they prefer to work with the community more than being at home. This enrichment is best summed up by Martin, a freelancer accountant working from CS1:

This space is a community, and it's a community of people, in that context, being part of a community has a big value. Unlike a traditional office where they are full of politics, here you come into a community of people who are accepting and positive to you. You look forward to coming back to a place with such community.

This comment reflects how the community is part of the service environment which the members can associate with and benefit from. The coworking space is viewed as a community space that reflects the present day need for community link (Aubert-Gamet & Cova 1999). One of the coworking space managers referred to the coworking space as being his 'community ground' supporting the idea of the coworking space and its role in society as community cultivator. The aspect of community distinguishes the coworking space environment and extends it from purely a physical shared office space. Community engagement as an enrichment to the coworking space servicescape is clearly reflected in the comments of Gerald the CS1 manager:

We don't compete with service offices because we are not a service office. You got the facilities, you got printing and scanning, copying, Wi-fi and we have all that here. However, once you are embedded in the community and the coworking culture you realise it is more than that, which is why we have added the social, cultural element in the community aspect to further that.

One of the most revealing findings in the present study is the events and engagement factor. As Johnstone and Conroy (2008) reveal, the business environment facilitates connections between consumers and this study found that coworking members co-create their community environment by participating and engaging in the events organised within the coworking space. Members of the coworking space repeatedly mentioned that they attend the events organised either by the coworking space management or members. These events are seen as the part of the community context of the coworking space which creates social connectedness, as mentioned by Martin a CS1:

I attend this mixed bag lunch held every Thursday in the space couple of times a month... Each one bringing a plate of food, now this one has a benefit that goes far beyond saving the organiser, it is a way to invest in a very personal nature, it is not the five bucks you put in at the door, it is no connection beyond that, but when I bring in something and share, that is where I think it is valuable and important to make

investment of a non-monetary nature. It just changes the nature of the relationship. This is clever stuff, that overtime at the CS1 some people get it, some people don't.

This comment reflects the social bonds that develop over time by attending a ritualistic event organised and hosted by the space provider to be shared and enjoyed by coworking members. Social connectedness theory explains the effect of reoccurring shared events as ‘interaction rituals’ (Olitsky 2007) which can enhance social bonding over time. Guimarães et al. (2011) emphasise the effect of shared moments and participation in joint activities (for example, mixed bag lunch, ‘wine down’, and show and tell gatherings) as having the potential to reaffirm the social relationship in the extension of shared experiences and memories. Figure 4.2 shows the ‘mixed bag lunch social gathering’ of CS1 members.



Figure 4.2 Mixed bag lunch, a weekly CS1 event

Source: Visual documentation for research purpose

From the observer’s viewpoint, as the investigator, a highly cooperative atmosphere developed during these events. Everyone walks into the lunch area early to help with lunch. Some of the members prepared salads, others arranged plates and a few toasted bread. These were planned activities; however, the dynamics of it coming together seemed very organic by the behaviour of the members. No one instructed anyone to do anything, people just offered to help and everything came together. While preparing for the mixed bag lunch, members had lively interactions among themselves as well as with the space managers and host. During the

mixed bag lunch, those who are new to the space were given the opportunity to introduce themselves and what they did in the space. In this way, others who were interested in what others do were able to connect, catch up, network and collaborate further. An initiation of social connection took place. The comments from the interviews and observations reflect the importance of events as part of the servicescape stimulating socialisation that allowed the consumer to spend extended time in an environment (Johnstone 2012). Engagement through social events promoted a sense of connection and bonding. The salience of this environment was emphasised by Larisa's response, an authentic leadership coach and consultant, working from CS 1:

There are certain gatherings that can bring in a totally different connection and energy to the ballroom. There was this Christmas party we had, many involved and a lot of effort was put into it, it was great. This is when the word 'cowork' comes in place; a lot of planning was done by the coworking managers, but the involvement of the coworking members in doing and cooperating makes the event enjoyable; we co-create everything together here; you know I value such engagements and arrangements. I enjoy being part of such events and I talk about this interesting thing that goes on in the space to others.

Professional events held in the coworking spaces also bring members together. Such events are perceived as an avenue for learning and sharing knowledge and information. Attending different levels of professional, business and formal events are regarded as an opportunity to connect with others. This is reflected in comments by coworking members and managers:

The stuff that has drawn me here is the combination of events or seminars that bring about change, and stuff that brings up the motivation to why people do things and how people applied values, those are the key things that drawn me. (Ben. Member, CS 2)

This coworking space organises like an 'inside the mind' kind of session, I have attended a couple of those recently, and it is really really worthwhile. It is really engaging, despite, one of them had been real people whom I know them quite a while. Initially, I was going just to support, I got so much value from that. (Hayadh. Member, CS 1)

The intention behind organising events in the coworking space is deliberate; to promote interactions among the members, as reported by Shan, CS2 community manager:

Community engagement activities are to intensify interaction among members. This is the basic, we create a community feel, it is like the show and tells, community hour and poker night, pitch night, all these different events we have. We have Pitch Nights for example. That's where members pitch to each other and then they receive feedback on their idea. That's a good way for maybe, Taylor, who hasn't met John on the other end to know what John is working on. Even though they haven't had a chance to meet, it's a great way to engage.

The importance of attending events and activities was further highlighted by the comments of CS2 members:

Attending events means good speakers, you get speakers that come through 2-3 times a month, so you just get introduced and talk to, like Chris Fry from Twitter, he was pretty good, and hearing those guys talk is kind of inspiring. (Troy. Member, CS2)

We have 'Show and Tell' sessions every Wednesday where everyone or as many as possible come to sit at the big round table. The CS2 provide some beers, ciders and drinks. We give each other updates, and we say, "Hey look, I'm facing this problem in my start-up. Who can help?" People raise their hands, and they offer advice. This can only happen when I am here in this space. (Ben. Member, CS2)

Participating in events organised by the coworking space is perceived a means to conduct active networking and sharing knowledge. Jason from CS2 explained the dynamics of attending events:

We have Wednesday afternoon 'Show and Tell' kind of thing... I think that is really important, because I think a lot of people, probably the only people, or if not the only person may be given opportunity to give introduction of your start-ups, it changes up regularly and you get a lot of people coming in and out so like it's important for us to have a forum to meet to know the new people.

These findings concerning the engagement with community and social events reflects the importance of the service ecosystem of a coworking place that is not only composed of

physical elements or emphasising only the employee or customer aspect, as per marketing disciplines. This finding could be extended to perceiving an environment of place consumption, from an environmental psychology perspective, noting that places are comprised of observable activities, functions, and meanings (Gustafson 2001; Manzo 2005) built from social relations and engagement between people. This is consistent with the finding that the theme ‘community engagement and events’ is a sense of being part of a community and engaging in events that revolve around the service setting

The term ‘coworkingscape’ was coined by the present study to describe the characteristics of the physical, social, management support and perceived organisational cultural environment explored in this research, specifically of the coworking space setting. Therefore, ‘coworkingscape’ is conceptualised as the design and management of physical, social, management support services and organisational cultural environment, as occupied, perceived and experienced by members within a coworking space to achieve their desired objective and goals.

4.4 Enrichment 2: Social interactions and support

One obvious, but the key element, in the social design of the coworking space is the opportunity to interact, connect and receive and give support. It was observed that once someone becomes a member of the space, members are typically welcomed to stay as long as they like according to the type of membership. Regular coworking members, who come in most of the days during the week to work, influence much of the social climate of the coworking space. This reflects Oldenburg’s observation that ‘It is the regulars who give the place its character and who assume that on any given visit some of the gang will be there’ (1999, p. 33).

The pivotal role of social design was highlighted by CS1 member, Martin:

That is one of the consistently powerful aspects is the social design. We all physically work together. So, that provides a lot of opportunities to connect informally. Things naturally bind.

The types of conversations in the coworking space were observed to vary. Table 4.2 provides the different type of interactions that formed part of the servicescape. These interactions are between members or with coworking managers. It comprises dyadic and group interactions.

Table 4.1 Types of interaction

Type 1	Eye contact and smile
Type 2	Greetings
Type 3	Brief conversation
Type 4	Extended conversations

Type 1 interactions occurred in areas of coworking space with flows of traffic, including the arrival lobby and pathways to and from the open space to the communal area. As the coworking spaces are designed with an open space layout, members usually arrive, look around the space and choose a place to sit and start working. In such a case, they just smile at another member and start working. Larisa's comment reflects the first type of interaction in CS1.

It is really nice to walk into a place where everyone offers a smile to you. . . It feels very welcoming.

The type 2 interactions are through greetings or a single sentence, whereby members walk into the coworking space at any time of the day and exchange greetings and start working. This type of interaction also happens in the communal area when someone came to ask if another member was doing well. There were expressions of happiness in the greeting they exchanged. This type of interaction was from member-to-member or to managers/hosts of the coworking space. Usually, the type 2 interactions led to type 3 interactions in which the members engaged and seemed to enjoy

Type 3 interactions were brief, casual conversations, which in turn brought an exchange of ideas, information and feedback from members or between members and staff. Members usually talked or asked about the progress of each other's business or for updates on what was going on. This is reflected from member responses:

I always talk to people about what is going on with our start-ups and what is going on in their start-ups and probably how we can help each other out... [respondent went on comment on the sort of conversations he would have, for example]... Like people will just say: 'How you going and what you working on' or I would say 'yeah there's a

friend who is a developer I could connect to you'.... There's this kind of exchange of information and assistance. (Jake. Member, CS 2).

Talking to people in the same boat and other start-ups and what they are doing, like the good and bad thing that is happening, that happens quite a lot, which I found really great from a high level of working perspective, it is that kind of interaction with people, doing exactly the same thing as you... moreover, we got some learning as well I guess, development directions. (Ben. Member, CS 2).

The interview analysis revealed the management of the coworking space played a vital role in supporting coworking members. Community managers and hosts acted as intermediaries. Although they are employed by the coworking spaces and paid a salary, they felt as though they belonged to the community. For instance, Wendy, the host of CS 1, responded:

It is really exciting to be part of the CS 1. I do not do all this in the space because of the salary that I am paid; it is more of the good connections and communications I have with others here.

Members' appreciation of the good interactions they enjoyed with the manager/hosts of the space were reflected in the comments by Larisa and Hayadh from CS1, and Jake from CS2:

I mean, the community catalyst, in particular, he has been the one I had the most contact with. He is always positive, and he has always got time for me, I just find him as a very mature young man, he's got an aura about him, which is very positive and it is helpful for me to approach him; back in December I was walking in there not knowing anyone. He was so accommodating, and I could not praise him enough. I think he's got the right style for the role he plays at coworking space 1 and to meet people. He's not selling; he just shows you and if it works that is great. (Larisa. Member, CS 1)

For many members, the coworking spaces provide an avenue for a supportive group of confrère, or friends that enhanced their sense of wellbeing. Part of the social atmosphere of the coworking space was the support provided by the space host to another host, the host to members and the members to each other. It comprised an opportunity to form a friendship and spark conversation, an opportunity to converse with someone like-minded, who was in

the same start-up business, had similar interests or situation. On the other hand, it was also an opportunity to be alone while working together in the same space with others. From the social servicescape context, the coworking space can cater to the various needs of members. The regular members in the coworking space who attend almost every day become part of the social fabric of the coworking life in the space and they supported one another:

My relationships with the space hosts are really good; they are employed because they are really good with people. Anyone who has difficulties with that environment tries to be positive about it. It is a tough job, they have nice vibes, I think it is really important to enjoy going to work, enjoy being at work, and a lot of what helps doing that is having empathy for people around you and I have always been fascinated by what makes people tick, especially in quite a mixed bag of people, what people are up to, good days and bad days, I suppose the guys doing the hosting are doing amazing with their relationship with coworking members. (Hayadh. Member, CS1)

However, the coworking managers and hosts were found to provide not only internal social support within the space but other noticeable forms of support to members, including offering to get lunch, and actively listening, even if not about business matters—during difficult times, or checking up on members if they were unwell:

The staff are great. John and Shan (the community managers) are the reason I am still here. They are proactive; they are helpful, and I know them well as well. They are interested in the development of the people who are using the space, if there's a thing that comes up and they think it might suit me, they don't wait for me to find out about it, they come and tell me about it: 'Hey heads up there's this thing coming up, do you want to be involved?' Which I think incredibly helpful and valuable for me. (Jake. Member, CS 2)

4.5 Enrichment 3: Collaborative culture as the perceived organisational culture

The interviews revealed that the importance of the culture of the coworking space when most of the coworking managers and hosts repeatedly mentioned the coworking culture they co-create with coworking members who consume it. As mentioned by Rosenbaum (2009), social symbolic expression is a form of non-verbal communication with an emphasis on certain cultural entities to which consumers are exposed. As Larson and Pepper (2003) suggest, 'Identification is the process of emerging identity. Identification, especially as expressed in

symbolic terms, represents the forging, maintenance, and alteration of linkages between persons and group' (2003 p.530). Coworking members consistently confirmed identification with the organisational culture of the coworking spaces of which they were members. To reveal, introduce and instil an organisation's cultural identification, the culture also must be communicated verbally. Comments from Gerald, community manager at CS 1, confirmed this as follows:

Here we have a culture of openness, collaboration, entrepreneurial and autonomous... We expose this culture to whoever comes into the space from day one. When someone comes for a tour with us at the space, e or she can sense this culture and then he or she can decide if that fits them.

Organisational culture was also considered an important environment by Wendy, host at CS1:

Once the members are embedded in the culture they realise it is more than that... the culture here is to understand the social etiquettes, relating to the values that are inherent within the coworking community in this space, realising it is just a way that people treat each other in the space and how things work in this space.

Observations at CS 1 confirmed the descriptions often used by the coworking managers in explaining the organisation's culture as openness, friendliness, communicative and collaborative. These descriptions were also apparent in the comments of the coworking members when they talked about the coworking space environment.

What is great about this space is that you actually walk into a coworking space with a culture where people are friendly, open to discuss with you and be kind. Like Gerald here in the space, he lives up to the culture here, he is always available to help, and it is so easy to go up to him and have a chat if I need anything, people here are just kind and I love this culture. (Larisa. Member. CS1)

The uniqueness of the collaborative culture of the coworking space where respondents felt a sense of belonging was revealed in a response expressed by coworker Jake from CS 2:

*This space has the culture of openness, where it is so easy to approach another member and to have a chat or discussion, on the other hand, we also have the culture of no-nonsense, and 'we get sh*t done here' kind of environment. This place gives you*

a sense that if you want to work and get things done then do it. That is what I am here to do, and I love this space for that.

The context of cohesiveness, and openness of the organisational culture, and being synergised in everything planned and executed, was revealed by a response from Gerald, CS1 manager:

We need to trust that we have an understanding of what that culture is, what culture that makes our CS, what that is, and we can adjust things accordingly to make sure they fit with that feel. We notice this isn't the right lighting, or this isn't; that we can just autonomously act on that, and that will be understood and shared throughout our team, throughout Australia at large, and throughout our members as a community. They also have a slightly different understanding of what this is about, that it should be close enough that there is no disconnect or disengagement from them.

The importance of culture was further emphasised by Hayadh, one of the pioneer members of CS1:

For me, and while this is somewhat intangible still, what I would say is the key: think as if it was one thing that was most important, it is actually the integrity. The integrity, cohesiveness and the congruence, within which all the elements held together in this community. That is my understanding of it. I see that the integrity and the actual cohesion. The same attitude, with the same values, that there needs to be. You should be able to know that it's CS 1 that you're relating to.

Another intriguing aspect of the coworking space is the opportunity for openness. The coworking space is not a traditional office where everyone has to report to a leader, where roles and relationship are hierarchical. The coworking space allows people to be freely exposed to and inform each other about their businesses, to everyone in the space, and not worry about any competition.

The aspect of openness as part of the culture was stated by a member who wanted to make it clear that she felt this was the most important element of the coworking space. She felt that, when a sense of trust is formed, people feel welcome, comfortable and are themselves. That was her main reason for selecting the coworking space for membership:

It is all about the culture of openness, trust and being genuine here in CS1; you come to realise that they care about you, and it is a good place to be. (Larisa. Member CS 1)

Therefore, the present findings reveal that the coworking space is also a place where diversity that is valued, as per Benjamin's response regarding membership at CS1:

The key element is I walk in a space that has got very diverse culture; I am comfortable with people who come from different environments together here at CS 1 knowing that they choose to be in an environment like the CS1.

During one observational session of a weekly social event hosted by CS2, one of the members was introducing the prototype of his start-up product. This event allowed members to be open in sharing their business ideas and information. Attending such events initiated conversations, interactions and collaboration between the members.

The findings from the present study also reveal that the coworking member does not need direct interactions with others to be part of a community or the social framework. As highlighted by member and manager comments above, the coworking space is a social setting that offers a sense of belonging, yet allows one to be part of the community without having to establish a relationship. The experiences of the coworking spaces have shown that it is collaboration, trust and commitment embodied in the community of the coworking space that facilitated knowledge conversion. Coworking members and managers from both the coworking spaces repeatedly mentioned the word 'coworking culture' and 'collaborative culture'.

It can be concluded from the above findings that the perceived organisational culture which members identify with emphasises openness, participation and sociality, while developing and maintaining an entrepreneurial spirit within the organisation. Defining new business opportunities and enhancing the ability of the firm to respond to the changing competitive environment was, therefore, an outcome.

4.6 Enrichment 4: Management support services

The literature review and qualitative study showed that management support services were salient to coworking members and determined by their business needs. The support services dimensions of the place were explored in terms of the services offered to facilitate business

development of coworking members. The manager of CS2 emphasised the importance of the support services as part of their service ecosystem.

There are a few components here that we offer as support services. These services are part of the coworking space's ecosystem. The first one is the business advisory support services, those are things we encourage people to share knowledge with each other, separate to that we invite a lot of people from outside to come in and have lunch and learn sessions or skill-share sessions, this is pre-coordinated, pre-organised; there's series of talks in a month, for one year and we identify specific business functions that need to be addressed or what other people are requesting, that is the support advisory.

Shan, manager of CS 2, explained that the support services environment could be used to the advantage of coworking member businesses. The service environment enables the business efficiency and development. As curator of the support services dimensions, he explained:

We also have weekly office hour sessions, where members have first come first served, they can have one hour with the consultant. The consultant here can be one of our corporate partners, 'Ernst and Young' for example, or could be a venture capital, or could be our lawyers, so that would give a lot of free advisories which comes under support advisory.

He went on to further to elaborate:

This is initiated by the space. This is how we try to differentiate ourselves from the other spaces. We want to provide the best support advisory services in Australia. This is something that no one really has figured out. The other component is the access to service providers. It is a form of support services provided by coworking management. We have the strongest tie with the service providers; we have a list of providers who are linked to us. They provide perks of half a million dollars, so the whole point of having service providers for the community is for two reasons. One is to provide a service ecosystem and second to function as a business accelerator.

For coworking members who are operating their start-up or tech-based businesses from coworking spaces, it is important to make acquaintance with other people to develop ideas

and get help to solve problems. The host/manager assisted members to get in contact with enablers or advisers and corporate partners in the network. Through personal experience, Troy, tech start-up owner of CS 2 emphasised the importance of access to business providers, in this case a deal that CS2 made with Amazon Web services:

Then there's these stuff you get an access to, like the Amazon Web services, everyone one who's got a base here and pays membership fee, gets accessed to an Amazon Web server deal which Amazon has made arrangement with CS2 the deal is amazing, and it is 100 thousand dollars free credit for one year, if you want it; now there's no way we can use a 100k credit, way too much, like 10 times more than we could ever use. But then that is available if you wanted and the great thing about it is that if anyone here, has an idea that suddenly goes viral, and they end up making a video or web service that would have cost them a lot of money, but the whole world wants; then they get a free credit to prove that look how [many] downloads, we have to look how much attention we got and I get paid for that, cause Amazon made a deal with CS 2; so it is a great avenue to get a real massive value of being part of the community in this space.

The importance of being in a coworking space that provided support services from Amazon as a business accelerator was also highlighted by Troy from CS2:

It is the brand that is supporting the service providers to basically increase the brand exposure to start-up line, by this what I mean is if one of the start-ups succeeds and becomes big enough they will probably use their services, it is effectively playing a long-term game in the aspect of getting clients, on the flip side what they are doing is also covering the cost of growth for the start-ups, so they are accelerating the growth of the start-ups: here's an example, you have Amazon who provides 100 thousand dollars' worth of cloud space credit, if a start-up is in that sort of growth trajectory, so at some point he will have to spend a lot of money on cloud space, but what if you cut that and channel that expenditure into hiring someone else, so you are effectively accelerating the growth. The whole idea behind this is to decrease the cost to accelerate the growth; this is very important for me.

One of the unique value propositions of CS 2 is that it offers support services via a fast, active network of corporate partnership, external service providers and business advisory

support as part of their ecosystem. A member of CS 2 explained why the support services environment in terms of a salient coworking environment:

It is a great environment to be where you gain business support provided by the space, which is a great help. They've got accountants and lawyers associated with CS2 to give their time once a week, you get half an hour, you can book a slot, with one of their lawyers or something for free advice. Last week I think I had a half hour with the lawyers here, which I used to discuss patenting and property law, those lawyers don't work around that, but they recommended me with one of their friends... There is a very serious networking happening. It is professional networking; the lawyers' half hour is free, that is definitely value for me. (Ben. Member, CS 2)

An explanation provided by Shan, the manager of CS 2, reflects how efficiently start-up could link to major cloud space providers such as IBM through the support services provided:

Other spaces do get the service providers connected to them, but it depends on how much is the amount of credit the providers are willing to give to spaces, and we have one of the largest connections, the same thing with IBM, we have hundred thousand dollars, for cloud space credits. The process of application is easy, there is a link and code, and apply, and you are done. We streamlined it so that we could support the start-up here.

Figure 4.3 depicts the support services curated by CS 2 as their competitive advantage distinct to other coworking spaces in the country.

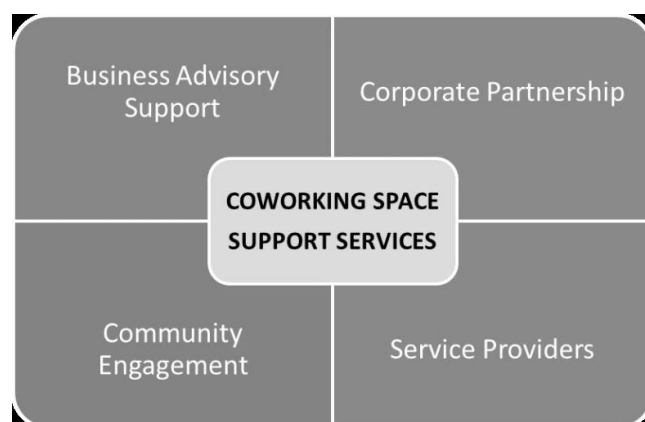


Figure 4.3 Management support services curated by CS2 manager

These findings regarding the management support services dimension show that the value-in-use of the perceived management support environment comprises professional and business access internally and externally facilitated by coworking space management.

4.7 Enrichment 5: Physical design

Although the main stimulus for connecting with a coworking space may be influenced by the space management and members and other social characteristics, there are physical characteristics that contribute to these interactions. This includes comfortable seating that can be easily moved to accommodate conversations; a communal area for groups coming together; the coffee machine where members can strike up casual conversations and exchange ideas— all contributed to community interaction and the length of time spent in the coworking space.

Cleanliness was considered an important factor in the design of the ideal coworking space. Although cleanliness was typically seen as the responsibility of the management and cleaning staff, in the coworking space, members were at liberty to assist with the cleanliness of environment as part of their commitment to the space. This finding is consistent with Siu et al. (2012) who argues for the importance of cleanliness in a servicescape. Evidence shows that improving a service facility's ambient condition, functionality, signs, symbols and cleanliness can enhance customers' perceptions, assessment of and behaviours within the service environment utilisation experience (Siu et al. 2012).

Adequate lighting was also discussed as the most desirable factor in the ideal coworking space. Since the major consumption of the space is to work on laptop computers, people read or study documents and related materials, this is not a surprising finding. Preferred lighting levels were discussed by reference to factors including the availability of natural lighting, the colour and reflective qualities of surfaces, and the type of artificial lighting in the space. CS1 had a huge window that provided an abundance of natural light as well as external views. CS 2 was entirely dependent on artificial light except for the café area, with minimal sunlight filling the space. During the interviews, some members emphasised the need for adjustable lighting to suit the usage of the room for either discussion or presentation. LED lighting were part of their suggestions. Some members in CS 2 discussed the lack of natural sunlight, which they found important in a workspace:

I think they have a bad lighting system. There are studies showing how important natural daylight could be in the workspace. I definitely miss that sunlight, sometimes I get tired, especially when in the afternoon when I am not at home. I really like that sunlight, but a lot of people working here don't mind that, it is sort of tech mentality, especially the lower ground, yeah, many people prefer that, I think it kind of really works with the whole tech entrepreneur scene. (Emily, CS 2)

Although light is something members would compromise for the community environment benefit, it was nevertheless appreciated. Getting enough of natural daylight at CS1 was mentioned as an advantage for the space. As Gerald, CSI manager reported:

I think we have a lot more light . . . natural lights (sic) and members love getting that sunlight coming into the space.

One of the repeatedly mentioned physical characteristics of an ideal coworking space was comfortable furniture. Members clearly indicated a desire for comfortable furniture in the space. Interviews revealed appreciation for as well complaints about the furniture in CS1. Since members spent long hours in the space, comfortable seating was important. Sofas and cushioned chairs were reported to be relaxing and suitable for informal meetings and discussion. Observations showed that members motivations for being in the space determined the optimisation of the furniture. Patrons preferred the few sofa pieces available in the coworking spaces. Figures 4.5 and 4.6 shows the type of sofas in CS1 and CS2 respectively.



Figure 4.5 Sofa arrangements in CS1
 Source: Visual documentation for research purpose



Figure 4.6 Sofa arrangements in CS2
 Source: Visual documentation for research purpose

In CS1, sofa and couch areas that could be booked by the members to receive guests or have discussions. Members reported the sofas and couch were very comfortable, which are normally used when they need a change or for a casual meeting with guests and clients. Sofas were also often used in CS2. As coworking member Troy reported:

There's a sofa downstairs, and I love that sofa. It is fantastic. Whenever I am down there, I go work from the sofa.

One of the members of CS1, Benjamin commented that he brings his own chair to the space, and appreciates that flexibility:

I work from this space 7-8 hours a day, and I need a comfortable seat which is good for my back and posture.

An open floor plan was observed to be the preferred physical design of the coworking space. The open space creates an opportunity for members to be seen and move about freely while working. Free seating was available for regular members or walk-in members. Figure 4.7 and 4.8 shows the layout of CS1 and 2 respectively.



Figure 4.7 CS1 open floor layout

Source: Visual documentation for research purpose



Figure 4.8 CS2 open floor layout

Source: Visual documentation for research purpose

Members could choose to sit anywhere. For those who seated at a permanent desk, they could choose to linger or seat themselves elsewhere. It was also observed that the open layout plan was purposefully designed to encourage lingering and interactions among the members. The purpose of the design was clarified with the CS 1 manager:

I would say yes, space wise we do try to keep it open because of the four values we have, culturally open, collaborative, entrepreneurial, and autonomous... so we try to incorporate that even in the spaces as well, but there is one key distinction, that is, we value collision over convenience, and what do I mean by that, we actually have set up so that there are more points in which people actually collide, 'cause we found that is where the collaboration takes place. So, by design, we have people bumping into each other all the time.

The spatial layout reflects the way furnishing and equipment, service areas and passageways are arranged, as well as spatial relationships among these elements consistent with a service scape environment (Bitner 1992). A well-planned and designed layout provides convenient entry, exit and access to various kinds of facilities within an environment (Siu et al. 2012). This finding highlights that coworking members specifically mentioned the importance of

furniture and space design with varying criteria, including the facilitation of comfort and relationships within the coworking site.

It was also interesting to observe that, even with an open space layout, members tended to establish territory, to place their laptops and work materials where they chose to sit, and moved around the space. This highlights the attempt to create a territory in the space while portraying the feeling of trust in fellow space members. In the permanent seating area, this supports the notion that fixed furniture allows an individual to claim a pre-set arrangement of furniture (Waxman 2006). This was observed when members arranged personal items around it to establish a claim.

Communal areas such as the kitchen area or the café area were mentioned as being a vital design aspect of the coworking space. Members found this area available for socialising with other members of the space. Observations also revealed that the communal area facilitates interactions among members. This occurs while making a cup of coffee with a dash of exchange of ideas or simply coming together to have a weekly lunch as part of the social events hosted in the coworking space. Members had a weekly get-together to update progress in the space be introduced to new members. Figure 4.9 and 4.10 shows the communal areas of CS1 and CS2.



Figure 4.9 Kitchen/communal area CS1

Source: Visual documentation for research purpose



Figure 4.10: Café / communal area CS2

Source: Visual documentation for research purpose

Appreciation for the functionality and activities that transpire in the café area/communal area of CS2 showed the interaction people had with the physical design of the space. Members expressed this as follows:

I think the café area probably is my favourite, it is a great place for people to come together and have lunch, I like that, that I can move there during the day and work around and get slightly different perspective. How flexible it is, so it's one of my favourite places. I don't like to sit in one place long... I don't like to get bogged down... I get very tired. So, in this space, I can kind of hop around and sit where I want to finish my work. (Rima. Member, CS 2)

Facility aesthetics was perceived as a combination of distinctive interior design and décor, all of which explains the servicescape. Based on the observations, each coworking space had distinct facility aesthetics in providing prominent interior furniture and facilities for their members. A commercial quality coffee machine in CS 2 and the hammock in CS 1 were things that stood out apart from other interior design and furnishings.

4.7.1 Coffee machine: The ‘coffee economy’.

Every member interviewed in CS 2 pointed out the prominence of and pride in the commercial quality of the coffee machine available in the space. They explained that having the coffee machine saved a lot of time and expense from having to go out to buy a coffee. Figure 4.11 shows the coffee machine in CS 2.



Figure 4.11 Commercial coffee machine in CS 2

Based on observations, most small conversations and catching up with other members in the space were usually initiated around this area. In reply to the question concerning the most important aesthetic feature of the space, coworking member Jake of CS 2 said:

I think the coffee machine, to be honest. We've got a full \$20,000 café espresso machine, and it's the best thing. I love it so much.

4.7.2 The hammock

A hammock located at the intersection of the ballroom and kitchen area in CS 1 is attractive and observed to be useful for members. Figure 4.12 shows the hammock in CS 1.



Figure 4.12 Hammock in CS1

The hammock is used mostly after lunch, as members take their power nap or simply relax. The usefulness of the hammock was highlighted by coworking member Martin of CS 1:

The hammock is a really good place to work from after the afternoon nap. Like there are days I might get drowsy and need to get a small nap, the hammock is great. The hammock is a brilliant location. It is ideal about 20-30 minutes to lie back and do it.

4.8 Conclusion: Enriched servicescape elements

One of the objectives of the qualitative phase of this study was to gain insights into the experiences and perceptions of the service environment salient to coworking members in developing an enriched servicescape framework. This chapter presented various elements that are considered to comprise a coworkingscape. Based on the findings of this study, the initial assumption is maintained that there are other important servicescape elements salient to consumers within and beyond the physical dimension of the environment which must be explored contextually in different service settings. The five major dimensions from these findings that contribute to the enriched servicescape framework were shown in Figure 4.1 in the introduction section of this chapter that comprise community engagement and events, social interaction and support, collaborative culture, management support services and physical design. These dimensions, as set out in detail in Table 4.2 below, influence

coworking member experiences in consuming the service establishment, and consequently their behavioural responses and achievements of consumption goals.

Table 4.2 Statements elicited from thematic analysis of qualitative phase through interview and observations

Conceptualised dimensions	Statements from interviews
Community engagement and events	There are many events organised by coworking members
	It is important for me to be part of the community
	Being part of the community allows me to interact with others
	I am engaged with the community in this coworking space
	I have the sense of being part of a community
	There is a broad range of social/cultural events hosted by the coworking space
	There is a broad range of events hosted/co-organised by the space
Social interactions and support	There is a broad range of events hosted in the coworking space
	There are active interactions among members every time of the week
	There are formal interactions with members in the coworking space
	The community managers facilitate interactions among the members
	The managers/hosts are always available
	Manager/ hosts are very accommodating
	The manager/hosts are very helpful
	There is a broad range of events hosted in the coworking space
Management support services	The space provides access to professional services
	There is venture capital connection here
	This space has connection to business networks
Physical design	There is excellent natural light in the space
	The coworking space is very clean
	There is lively music in the space
	The layout gives enough space for privacy
	The layout allows manoeuvrability
	I can choose to sit wherever I want
	Space has communal areas for people to meet
	The meeting rooms are well equipped
	The couches are very comfortable
	The chairs are very comfortable
	Whiteboards are widely available
	The office facilities (printing, scanning, copying, wi-fi) functions well
Collaborative culture	We exchange information and ideas openly in the space
	There is a sense of knowledge, ideas or information sharing lead to collaboration

Source: Developed from observations and interview data for this study.

This study introduced the enriched servicescape framework to evaluate the effect of the explored and determined dimensions influencing the value-in-use gained by coworking members. It is also proposed that value-in-use gained within a coworking space could be related to coworking member's behavioural responses and performances. The following chapter presents the results of phase two of the qualitative study concerning value-in-use.

CHAPTER 5:

QUALITATIVE FIELD STUDY FINDINGS PART 2: VALUE-IN-USE

5.1 Aspects of value-in-use

This chapter discusses the findings of coworking member value-in-use experiences. From the analysis of the interviews and observations, five multiple value-in-use experiences emerged (positive, inspirational value, support value, knowledge-sharing value, networking value, and functional value) by occupying the coworking space. The findings lead to Research Question 3: What are the relative effects of the enriched servicescape dimensions on the value-in-use experiences, behavioural responses and the performance of coworking space members? The value-in-use that emerged from the study is highly context specific, consistent with the work of Vargo and Lusch (2004) and is presented as follows.

5.2 Positive, inspiring and emotional experiences

Members from both the coworking spaces expressed that one of the most important values gained by being in the space was the intangible feeling of getting inspired and motivated by other members. Being in the initial stages of a start-up or young entrepreneur, members sharing their success stories or how they faced challenges was an inspiration. This is reflected in the comments by members from both spaces:

I'll overhear a conversation that will lead to something, or someone else will be doing something that will give me a creative inspiration that'll help me improve my own business. It's lots of serendipitous occurrences that would only happen in a coworking space when you're surrounded by other entrepreneurs versus being at home in my study where I'm only connected to the world via the internet. (Mike. Member, CS 2)

Interviews revealed that nearly every informant was positive about their experiences as a member in the coworking space as these comments from members of CS 1&2 reveal:

It's just the serendipitous coincidences. For me coworking is a community that shares a space. It's not a coworking space. It's not a building that just happens to have desks and you can go and rent. For me, coworking is about a community that just happens to be inside these four walls. I don't think any of them are about the physical space at

all. It's all about these accidental meetings. The benefits to your business... All this stuff that has to do with the people and everything. (Martin. Member, CS 1)

It's lots of serendipitous occurrences that would only happen in a coworking space when you're surrounded by other entrepreneurs versus being at home in my study where I'm only connected to the world via the internet. (Mike. Member, CS 2)

They have this energy that they feel just from people being around the space and coming and going and having meetings, and they feel more inspired. That encourages them to work harder (Hayadh, Member, CS 1)

Just being in the space creates a good feeling, so especially we are all working on small business, we are all at a stage where we really talk to each other and supports one another, so instead of us working on little projects by ourselves... we have the sense of...hmm... we always become colleagues with people even though we are not working for the same company but we work from the same space. (Shawn, Member, CS 1)

5.3 Supportive value experiences

Members elaborated extensively on the social support received from the others in the coworking space. Adelman and Ahuvia (1995) conceptualise social support from the marketing perspective as verbal and non-verbal communication that enables a service exchange by helping customers to reduce their uncertainty, improving self-esteem or uplifting a customer's feeling of connectedness to others.

For Larisa from CS1, the coworking space was as a social shelter during the time when she had moved from the UK to Melbourne and started her coaching business from the coworking space. She commented on how she received a lot of support from other members and staff in the space:

The reason I joined CS1 was I was working alone, I live alone and I work alone, I had a perfectly nice office, but I was going crazy. Not having the stimulus of other people around. My motivation was going down, although I love the business that I am running. I had a tour with Gerald the manager, which was marvellous and I came back and I did a free day and I thought, I just love the atmosphere. I think it happened

to be a Thursday and they have the communal lunch and I thought this is like... Everyone is inviting you in, being friendly and genuinely interested in what you are doing.

This comment reflects social support as being a helpful and communicative resource. Social support value emerging from these findings can be related to the S-D Logic where markets are woven together through the integration of resources via exchange. Vargo et al. (2008) argue that actors integrate their resources with others to mutually improve their own circumstances and create value as follows, ‘One way to acquire resources is through the exchange of a system’s applied operant resources (service) with those of other systems’ (Vargo et al. 2008, p. 149).

The social design of a coworking space can weaves together individual members, teams, organisations and firms to be part of the service ecosystem, apply resources and work with others in mutually beneficial ways. Moreover, the process of resource integration was observed to be continuous. For some members working on their businesses and projects can be a very lonely experience when undertaken from home, as shared by Athil, from CS1:

I find that physical proximities around doesn’t necessarily give much impact, but just being in the space creates a good feeling, so especially we are all working on small business, we are all at a stage where we really talk to each other and support one another, so instead of us working from home on little projects by ourselves feeling isolated and lonely... we have the sense of we always become colleagues with people even though we are not working for the same company but we work from the same space.

Members experienced value-in-use of the coworking space because it fulfilled their various needs. Community managers and members provided support to members because they were in coworking space every day, knew each of the members and what they did, which became part of the social circle of the members’ lives. Interestingly, interviews revealed that members with long-established ties with the coworking community and community group placed a high value on their relationship with the coworking space managers. The value of relationships in the coworking space is expressed by Rima from CS2:

There's a level of altruistic feeling that people have. It is a very healthy environment. I have been working all my life in organisations before, and there are these feelings of who is doing better than someone else. Who is getting the managers attention? This place has way passed all of that you know. It is important to get the relationship right. At CS2 everybody smiles at you. It feels good walking into such place. It is such good vibes. Coming to Australia has been life changing and it has been fabulous being here. It is great.

This finding is consistent with research on the commercial establishments (Rosenbaum 2008) and not-for-profit domains (Glover & Parry 2009) which revealed that patrons often patronise certain establishments because they obtain social supportive resources from other customers. For example, in a coworking space, the coworking members may gain emotional comfort and support by talking with other members. The valuable experience of being in a shared community was also emphasised by Rima at CS2:

There's a lot of kind spirit in this space and that for me is the essence of whole thing, it is about sharing values with people; we might not vote for the same political party, but there still going to be a lot of good sharing among us as a community.

Part of the social element of the coworking space was support provided by coworking managers/community as catalysts to members and members to each other. This presented the opportunity to form friendship and conversation, as reported by Jason and Ben at CS2:

I think the people I have met here so, the people that I have built friendship... I have good relationship with the community managers and it easy to talk to everyone here, so the community managers are here almost always, even often on weekends they are here as well, so we are like friends and I can go up to them for help. (Jason, Member, CS 2)

The ability to converse with another tech start-up who is going through a similar situation or has similar interest is a great support. (Ben, Member, CS 2)

Although interviews focused on member benefits, managers expressed their appreciation of members as well. Emily, one of the managers of CS2 expressed her feelings regarding support offered by members:

These are my friends; they are kind of a support for me. When I was away for a break, I had a lot of them tell me how much they missed me. For me, it was a time without my friends.

5.4 Knowledge sharing and learning experiences

Von Krogh et al. (2000) argue that communities of practice generate knowledge bound by the community in which they are acting. Interview participants disclosed that, from their experiences, being a member of the coworking space was an important value-in-use for sharing knowledge, as reported by Ben from CS 2:

*There have been two great things about CS 2 that we really got out of, first it has been exposure to start-ups and venture capitalists. Exposure to whole growth side of start-ups, which I had no idea about, no experience with. Hearing about growth and start-up, which is really illuminating for someone coming from a basis of no knowledge, it's been great, it's like when you go to new job and you suddenly learn that you have massive gap of knowledge... like 80% of knowledge you learn from here, and it is the same sort of thing here, so that was awesome here, and obviously the support of other people doing the same thing that you talking about, and what they are doing...and also in start-ups you constantly get that sh*t that goes wrong all the time, so it's nice to hear from other people who are able to sort their issues or find solutions.*

The experiences of coworking members showed the physical and social design of the space facilitated communication among members, and therefore sharing knowledge became valuable. This was revealed by the following responses:

The information sharing is definitely appreciated, 'cause there are people, you know let's say we need a php, or any help, you just have to go to someone and tap their shoulder and say, they will immediately give you a feedback, I wouldn't expect them to come and work on it, but you know the advice and stuff are valuable. (Benjamin. Member, CS 1)

Learning from their experiences, talking to them about what they're doing. Being around good people and having fun. (Shawn. Member, CS 1)

I would say the connections, service, and exchange of knowledge is 100% more

valuable than the physical infrastructure. (Jake. Member, CS2)

The coworking space provided various opportunities to contact and share information with others, as Jason from CS 2 described in the following responses:

During the show and tell we can always voice of like, do you know anyone who can help me on that, getting recommendations for hiring and fair a bit of Coworking Space 2 Facebook, and say if someone could do this, and other people kind of suggesting, sort of networking, introduction-type thing.

There are common times when we gather, the show and tell, it really helps me, it helps me practice my pitching, it helps me gauge reactions, I mean there are technical audiences, and there are non-technical audiences, and if I pitch my idea technically to non-technical audiences then I lose them, so this kind of opportunity allows me to understand and gauge an audience and look at people in the eyes and see whether they are focused or not focused, if they get what I am talking about, so I get to practice so that is useful.

As noted in the previous chapter, observations revealed that members in the space appeared friendly and were willing to help each other, and an important aspect of a communal space was that random encounters occur facilitated by the simple fact that other people were around, and they began to interact. The conversations started very generally, but then continued in detail when members began to exchange experiences. It was, moreover, the atmosphere at the coworking space that appealed, as the observational notes show: cooperation among members provided start-up firms with an enormous potential to share and generate knowledge as value-in-use. The collaborative culture in the environment was emphasised by Rima and Mike from CS2 as follows:

Talking to people in the same boat and other start-ups and what they are doing, like the good and bad thing that is happening, that happens quite a lot, which I found really great from high level of working perspective, it is that kind of interaction with people, doing exactly the same thing as you... and we got some learning as well I guess, development directions. (Rima. Member, CS2)

I learn as much from advising other start-ups as they learn from me. I don't feel like I

need to benefit. If doesn't have to be so explicit if someone is saying here Mark I'd like to give you some of my time for free, or I'd like to give you some money or I'd like to refer you to a client. Just being around interesting people and seeing what they're doing and all that sort of stuff is almost enough. (Mike. Member, CS2)

5.5 Networking experiences

A great advantage for coworking members was networking and expanding connections formally and informally from the coworking space: Members were very aware of these experiences:

I've met people through the whole start-up ecosystem that I maybe wouldn't have met if I wasn't in here. (Mike. Member, CS 2)

So, there are quite a few people here that I'd regard as more than just colleagues, they're friends. (Athil. Member, CS 1)

I met one of my two-team members in here. He was just in here for the day. Someone thought to introduce us. He became a team member. The chances that I would have met him otherwise are pretty slim. You could argue that my business never would have got off the ground if I hadn't met him and a few things hadn't sort of lined up. (Ben. Member, CS 2)

For me, it's like if you believe in your business and you want to create interesting opportunities for it, you've just got to take the plunge. Pay the money, come and sit here, spend the time to get to know people. Build relationships and see what happens. It's just a leap of faith. Does that make sense? (Martin. Member, CS1)

As noted in the previous chapter, one of the unique value propositions of CS2 is that it offered a range of management support services through a fast and active professional network, corporate partnerships, external service providers and business advisory support as part of their eco- system. As Ben from CS2 reports, this comprises value-in-use.

In a way, these are the support services provided by CS 2, they have a relationship with some of these third-party vendors like AMAZON, STRIPE and MICROSOFT, I am not sure how the nuts and bolts works, if a start-up is based here they can offer us discounts, which means a massive difference, we are not funded and we are just

bootstraps... so that's the thing that has been awesome.

As in CS1, active networking means that the community managers intentionally brought members together to solve a problem, as reported by Larisa, a member of CS1:

So, you saw me working with Eddie today, I have actually gone up to Gerald (Community Manager) about six weeks ago, and said, 'Hey Gerald, look I am really stuck and I have got no money at the moment to spend, or in paying someone, if you could point me in the right direction'; he did couple of emails and put me in touch with Eddie. So, Eddie come up to me and said, 'Oh... you are the lady that's looking for'. . . and he sat down, and he had to explain on what this means, the language of web developer, first you know it was completely different to my understanding. He sat with me for an hour and taught me couple of things, and he let me do it first, I got all of them done, and came back to him.

This is a practical demonstration of how an actor in the service environment can determine the value-in-use in context for her situation. These findings reflect that an integration of internal and external resources made available in the market by firms and other economic actors is the determining factor of the value created through the processes of exchange (Akaka, Vargo & Lusch 2012). Further comments by Larisa from CS1 reveals the generosity that typified value-in-use of the community as a network of consumers:

I think Eddie spent with me two sets of three hours, he sits with me, and he kept doing it and he asking me a couple of things, I just give him the information, and I now ended up with a website that is live, an email that is live and new email address linked to my website, and now I have got on my Android as well. Now, I could have never have done that all by myself, it is that resource, is absolutely incredible, it is the willingness to help as well that absolutely blows me away, so I am saying to Eddie, what can I do for you, and he says, 'Thanks is enough'. So, I go on and tell him that 'when I am earning good amount of money I will pay you something', and he is saying, 'aah... we don't have to talk about it just now...this is just for you.' That is incredibly generous, isn't it?

Establishing networks enabled the coworking members to have access to resources through exchange of expertise and skills with others as a result of their interaction and coworking members were able to resolve their issues within the coworking space.

The networking value mentioned by coworking members in this empirical finding is consistent with a study from an incubator perspective by Tötterman and Sten (2005) who observe that incubators can give credibility to start-up firms for building and extending their own networks externally and contact with potential partners and customers. It is argued in the incubators and entrepreneurial literature that intangible benefits such as networks and knowledge sharing offered by incubators are more valuable than the tangible infrastructure and services (Fang et al. 2010; Pena 2002).

It can be concluded coworking members appreciate the networking experiences with internal and external actors while occupying the coworking space.

5.6 Functional value

Interviews clearly indicated coworking member experiences of the coworking space's physical facilities, and the coworking space functioning well, were perceived as value-in-use as the following responses reveal:

Another thing is comfort so it's like ... From a physical aspect it's like your chairs and whatnot. You want to be comfortable where you're seated. You also want the convenience so convenience ... What I mean by that is providing me with the tools I need, so saving costs so that is what I want ... If I has a screen that I brought from home but don't want to spend \$55 on a HDMI adapter and a cable, CS2 make sure they provide it on their end. That's the convenience factor, and also pens and all these things. (Jason, CS 2)

The place here is just awesome like the lighting is great, the desk are nice and wide and especially I like the café space cause it's kind of breaks it up a little bit, if you want a bit of a change then you can bring up your laptop and start working from here, the best part of it here is the coffee machine, we hang out to make coffee and we use that all the time. The meeting rooms are really well equipped and they have a system to book it online which works really well. I really appreciate all the facilities functions well here. (Troy, CS2)

Most of us are running small business and start-ups here, so operating from a space like this is good. We are provided with good facilities here, for example here in this space the wi-fi is of high speed and all the facilities provided are really good. (Shawn, CS1)

It can be concluded that the physical design and functionality of the coworking space has influence on coworking member's experiences. Moreover, the members expressed their appreciation of the facilities and amenities functioning well in the respective coworking spaces.

5.7 Conclusion

The aspects of value-in-use that emerged from this study echo the multiple benefits and consumption experiences of coworking members. Members gave high priority to the how the coworking space facilitates experiences, feelings, emotions, and psychological meaning in the form of positive emotional and social support, and capacity to share and learn knowledge expressed as value-in-use in this study.

This study views value-in-use experiences as a unidimensional (Gallarza & Gil 2006) construct from multiple value-in-use items (Cronin et al. 2000; Chen & Dubinsky 2003; Gallarza & Gil 2006) experienced by members. The findings from this present study also acknowledges the interactions between coworking space management and members in co-creating value-in-use experiences. The findings on value-in-use experiences show what coworking members, as the users of the space, appreciate. Value-in-use experiences derived from this analysis can also be cross-referenced with relevant marketing literature related to perceived value, as shown in Table 5.1.

Table 5.1 Value-in-use and its themes relative to previous research on perceived value

Authors	Perceived value	Description
Sheth et al. (1991) Le Blanc and Nguyen (2001) Soutar and Sweeney (2001)	Emotional	The power or ability to trigger consumers' emotion, change their emotional status or arouse their feelings and affective states
Smith and Colgate (2007)	Experiential/ hedonic value	The extent a product/service creates appropriate experiences, feelings, and emotions for the customer
Elicited value-in-use from the qualitative phase of the present study	Positive emotional value	Experiences with others in the space to be instrumental in creating uplifting and positive affects in feelings and emotions of customers
Sheth et al. (1991) Le Blanc and Nguyen (2001)	Social value	Perceived utility deriving from an offering's association with a demographic, cultural or social group, to enhance a person's social self-concept
Elicited value-in-use from the qualitative phase of the present study	Social support value	Perceived social support from other actors (members, managers, hosts and guests) sharing the same environment
Le Blanc and Nguyen (2001)	Epistemic value	Perceived utility from an offering's capacity to arouse curiosity, provide novelty, and/or satisfy a desire for knowledge
Elicited value-in-use from the qualitative phase of the present study	Knowledge sharing and learning	Experiences of sharing knowledge, ideas, information and feedback with and from others
Elicited value-in-use from the qualitative phase of the present study	Networking value	Experiences of formal and informal relationships that create value to coworking members in different ways, namely through access to new ideas and resources that support business development, and enhance credibility through alliances with corporate partners, business support services and business linkages that emerge in and through the coworking space

Source: Developed for this study

Exploring the experiential aspects of value-in-use justifies the qualitative approach that further developed that concept. The findings from the qualitative phase 2 were then incorporated in the final research model to test for empirical evidence in the quantitative

assessment of value-in-use. The enriched servicescape dimensions as the facilitator of the value-in-use, and consequences for coworking member behavioural responses and performance will be discussed in subsequent chapters. Table 5.2 shows the elicitation of survey statements of value-in-use that were included in the development of the survey instrument.

Table 5.2 Survey statements elicited from thematic analysis of value-in-use from interview and observations

Conceptualised variable	Indicators	Survey statements
Value-in-use	Positive emotions	I feel empowered being in this coworking space
		I feel encouraged working in this coworking space
		I enjoy the sense of good feeling in the space
		I feel positive energy from people in the coworking space
		I feel inspired to work from this coworking space
		Being around people who are carrying out interesting ventures is very motivating
	Social support	The members and managers/hosts reassure me about things
		We exchange information and ideas openly in the space
		I have learned a new set of skills being in the space
		I get really useful feedback from others in the space
		I receive fresh perspectives from others in the space
		I receive advice on how to go forward with my business from others in the space
		We exchange ideas among the members in the space
	Networking	The space managers facilitate formal networking
		Being in the space gives me opportunity to network with other high-quality start-ups/entrepreneurs
		Networking with other businesses is valuable for me
		External networking through members in the space is valuable to me
	Knowledge sharing	I value the knowledge exchanged in the space
		I have access to knowledge and expertise in this space
		I receive informal advice from other members in the space
	Functional value	I appreciate all the facilities functions well here

Source: Developed from observations and interview data for this study.

As Vargo and Lusch (2008) argue, value-in-use is highly context specific; and the present study confirms this view as the experiences shared by the coworking members were very specific to the coworking space setting. The present findings provide, in particular, the insight that, in a coworking space context, various beneficial experiences are needed in order to determine value-in use at the individual level, which confirms Sandström et al.'s (2008)

definition, 'Value-in-use is the evaluation of the service experience, i.e. the individual judgement of the sum of all the functional and emotional experience outcomes. Value cannot be predefined by the service provider, but is defined by the user of a service during the user consumption' (2008, p. 120).

How the findings from the qualitative stages 1 and 2 were used to build the conceptual framework to demonstrate how an enriched servicescape based on industry-specific stimuli can influence value-in-use experiences, behavioural responses and performances of coworking member will be discussed in Chapter 6 which also describes the final research model and hypotheses development for quantitative phase.

CHAPTER 6:

FINAL RESEARCH MODEL AND HYPOTHESES

6.1 Introduction

The chapter presents the final research model and research hypotheses developed by combining the findings of the qualitative field study (Chapters 4 and 5) and the initial research model that emerged from the literature review in Chapter 2. Utilising this combined model, this chapter finalises the research model focusing on the coworking spaces as a service organisation. The model incorporates the enriched servicescape dimensions and value-in-use experiences based on the coworking space context and subsequent behavioural responses and coworking member performance. The research model and hypothesised relations are illustrated in Figure 6.1. Following the explanation of the model, details regarding the hypothesised relations between each of the independent, dependent and mediating variables are discussed.

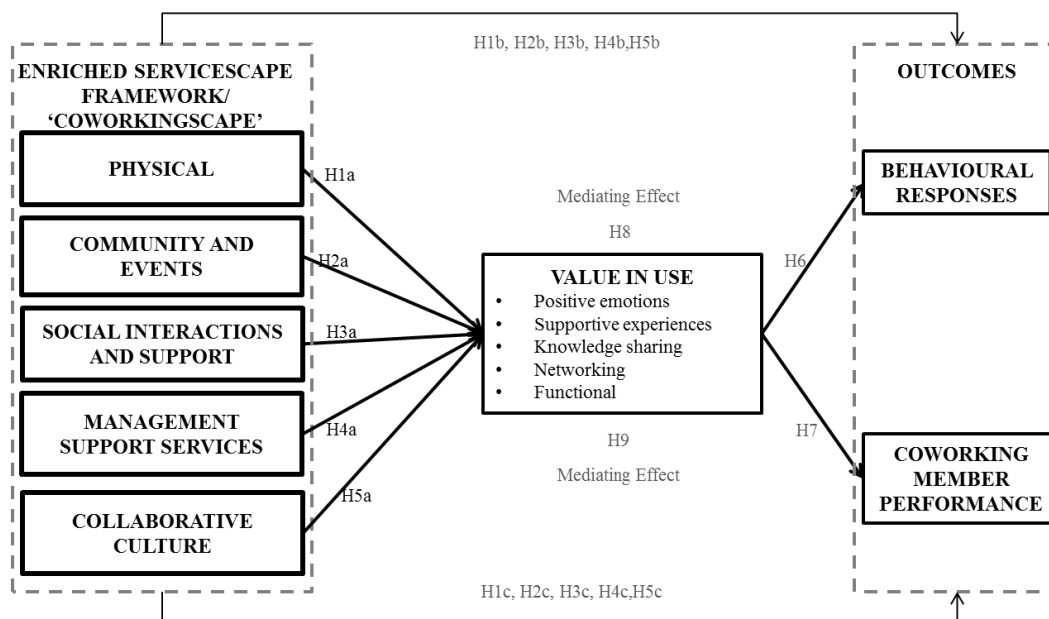


Figure 6.1 The final research model illustrated

6.2 The final research model

The findings of qualitative study more deeply explored related factors and variables to enrich the servicescape framework and value-in-use experiences specific to coworking spaces. Based on the initial research model (discussed in Chapter 2) and the findings of the qualitative study (discussed in Chapters 4 and 5), a combined model was developed. The

model, drawing on the empirical results of the qualitative studies that illustrate the effect of servicescape dimensions was, where possible, finalised by labelling the newly discovered variables consistently with existing literature. The qualitative findings also fulfilled the objectives of the study to explore and characterise the servicescape dimensions as well the value-in-use experiences in the coworking space functioning as a service organisation. At this stage, the study was found to discover and contribute servicescape concepts that were specific to the coworking space business setting. Before the quantitative field study was undertaken, two coworking space managers were approached for further discussion, together with academic supervisors to assist in finalising the confirmatory phase of the study for expert validation of the important predictors and factors that could evaluate the effects of the enriched servicescape dimensions. The final model, as illustrated in Figure 6.1, presents the variables and the hypothesised theoretical relationships investigated between the predictor and predicting variables.

The enriched servicescape / ‘coworkingscape’ dimensions, determined from the literature and qualitative findings, are ‘physical’, ‘social interactions and support’, ‘community engagement and events’, ‘management support services’ and ‘collaborative culture’, and were considered as independent variables and predictors of value-in-use that directly and indirectly influence behavioural responses and coworking member performance.

6.2.1 The measurement model

Due to the exploratory nature of this research, the finalised research model has unidimensional constructs. Jarvis et al. (2003) distinguish two distinctive measurement models; the principal factor model and the composite latent variable model. The principal factor model is a reflective model in which the relationship moves from the construct to the measures with indicators that are observable. Therefore, the construct influence the indicators. The reflective indicators should indicate high correlation reflecting the same construct. Thus, the reflective indicators are compatible denoting that exclusion of an indicator from the model will alter the significance of the construct. In the present study, all the variables have reflective multi-item scales derived from previous studies, as well incorporating findings from the qualitative phase. Table 6.1 presents the variables and their definitions used in this study.

Table 6.1 Operational definition of the variables used in the present study

Variables	Definition
Physical design	Physical designs refer to ‘atmospherics’ as aesthetic design, facilities, amenities, space and layout and furnishing of the service environment (Bitner 1992, Rosenbaum and Massiah 2011)
Community engagement and events	A sense of being part of a community, engaging with the community and events that revolves around the service setting. (Definition derived from qualitative findings).
Social interactions and support	Social interactions among the coworking members (consumers) and with employees and receiving help from members and coworking managers. (Definition derived from qualitative findings).
Management support services	The perceived management support environment that gives professional and business access internally and externally, facilitated by the management of coworking spaces.
Collaborative culture as the organisational culture	The organisation culture in the present study is measured through the collaborative culture identified in the qualitative phase. It is defined as identification of the organisational culture to be community and collaboration-oriented with an emphasis on openness, participation and sociality.
Value-in-use experiences	An individual’s multiple appreciative judgements (Nilsson & Ballantyne 2014) of service experiences during the consumption process which is a combination of positive emotional responses, functional, knowledge sharing, and networking as value-in use-experiences perceived by the consumers.
Behavioural responses	Evaluations of the likelihood of engaging in behaviours to retain patronage engage in positive word-of-mouth endorsement and continue membership with the coworking space consistent with measures recommended by Zeithaml et al. (1996).
Performance of coworking member	Ability of individuals to perform, as being more productive with what they do, acquiring certain sets of skills, and being creative in the coworking space. The ability of the business to increase profitability creates value for coworking customers and they make better business decisions.

6.3 Hypotheses development

6.3.1 *Value-in-use as the independent and dependent variable*

A number of researchers have debated the classic studies of servicescape due to lack of acknowledgement of evaluating its impact on perceived value and consumption experiences of services (Gronroos & Ravald, 2011; Edvardsson et al., 2011). Therefore, it is suggested that further research should consider other aspects of value perception in measuring the impact of a servicescape. Therefore, in the present thesis, the effect of enriched servicescape dimensions on value-in-use is explored rather than the usual marketing outcomes such as satisfaction, pleasure and arousal. As noted previously, conventionally, goods-dominant logic interpreted the value driver as ‘value-in-exchange’ (Vargo & Lush 2004). However, this study adopts the Service-Dominant (S-D Logic) viewpoint of ‘value-in-use’, conceptualised by Vargo and Lusch (2004), who suggest that ‘there is no value until the offering is used—experience and perception are essential to value determination’ (2004, p. 44). This experiential approach was considered suitable for this study in measuring the benefit and value-in-use experienced by coworking members because of the emphasis respondents placed on sociality and community as well as related functional outcomes. The experiential approach to customer value goes beyond the economic utility of a transaction (Holbrook, 2006; Sweeney & Soutar, 2001) and observes value beyond the consumption process (Holbrook 2006).

Value-in-use explains the multiple benefits a member experiences while being in a space. The benefit here is a mix of functional, social, knowledge sharing and emotional benefits generated from occupying the coworking space. There is an embodiment of the proposition that value is not added by goods or created by services but integrated in the real experience by active participation (Prahalad & Ramaswamy, 2004). Therefore, as noted, the conceptualisation of value-in-use in this study embraces the experiential approach (Holbrook, 2006; Sweeney & Soutar, 2001). Vargo and Lusch suggest that value is created when the customer’s ‘wellbeing has somehow been improved’ (2008 p. 150) and exemplifies this with a customer feeling relieved because the benefit gain has been integrated in the customer’s life. It is concluded that ‘value-in-use is the evaluation of the service experience, i.e. the individual judgement of the sum of all the functional and emotional experience outcomes. Value cannot be predefined by the service provider, but is defined by the user of a service during the user consumption’ (Sandström et al. 2008, p. 120). The qualitative findings in

previous chapters revealed five indicators of value-in-use experiences by the coworking space members. A summation of these indicators will be used to measure value-in-use experiences as a unidimensional construct in the present study:

1. **Knowledge-sharing value** is either value or benefit experienced by coworking members from learning, sharing and feedback of ideas, information and knowledge, formally or informally, with those sharing the servicescape. The exchange of ideas, knowledge and skills among the members was emphasised by respondents to be an important outcome while occupying the coworking space.
2. **Positive emotional value** is the experience of the service environment and others in that environment to be instrumental in creating uplifting and positive shifts in feelings and emotions of customers. The definition of positive emotional value derived from the qualitative findings is consistent to previous studies that describe emotional value as the capacity or ability to induce consumers' emotion, alter their emotional condition or stimulate their feelings (Sheth et al. 1991; Le Blanc & Nguyen 2001). The extent a product/service creates relevant consumption experiences for the customers through feelings and emotions are a measure of emotional value (Smith & Colgate 2007).
3. **Functional value** denotes 'the perceived utility acquired from an alternative's capacity for functional or utilitarian performance' (Sheth et al. 1991, p. 160); and this dimension signifies a more clear value perception. Therefore, a coworking member's ongoing evaluation of how well the coworking space initiatives support for coworking member goals in occupying the space will determine the degree to which the service value is experienced. Thus, coworking member perceptions of value are predicated upon assessments of how the coworking space service delivery consistently facilitates the stability and survival of the coworking members. Functional value is the extent the service setting creates superior and efficient physical design.
4. **Networking experiences** are the formal and informal connections that create value to start-ups/entrepreneurs as members in different ways through access to new ideas and resources that support business development, enhancing credibility through alliances with corporate partners, and business support services and business linkages that emerge in and through the coworking space.

6.3.2 Physical design as predictor/ independent variable

Physical environment of a service setting is claimed to influence behaviour and emotions by various disciplines including build design and environmental psychology (Donovan & Rossiter 1982; Gilboa & Rafaeli 2003). The effect of physical design in the retail environment has been a significant research interest over the past few decades in studying the effect of store environment on consumer behaviour (Turley & Milliman 2000). Bitner (1992) emphasises that a business establishment's physical servicescape has a direct link with cognitive responses in terms of customer perceptions. From the service organisation perspective, previous studies in the restaurant context argue that the physical environment, such as décor, ambient condition and seating comfort, provides customers with indications in delivering the anticipated service offerings and consumption value (Nguyen & Leblanc, 2002). Namasivayam and Mattila (2007) also show that a hotel's servicescape influences the perceived value of a business traveller. Han and Ryu (2009) confirm the positive relations between three elements of a restaurant's physical environment (décor and artefacts, spatial layout, and ambient conditions) and customer perceived value perceptions. In addition, Liu and Jang (2009) examined the associations of dining atmospherics, emotional responses, customer perceived value, and behavioural responses, in the context of Chinese restaurants. The findings reveal that dining atmospherics had significant effects on customer perceived value.

The findings from the qualitative phase confirm that physical environmental elements (facilities and amenities, lighting, cleanliness, space and layout) are considered salient attributes in the coworking member perceived servicescape. Coworking members spend substantial amounts of time in the space, where the physical environment influences their wellbeing, performance and productivity. In relating the workplace design literature to the coworking servicescape, it is assumed that members who are satisfied with their physical environment are more likely to produce better work outcomes. Consistent with this assumption, Kamarulzaman et al. (2011) reviewed numerous studies on the effects of physical office environment on employees, concluding that the appearance of the physical workspace environment can have a significant effect on behaviour, perceptions and productivity of employees. Given the previous literature and findings from the qualitative phase of the present research, a positive relation between the physical dimensions of the servicescape and coworking member experience of value-in-use, behavioural responses and performance of coworking member are postulated below:

- H1a: Perceived physical dimensions have a significant positive relation with value-in-use experienced by coworking members in a coworking space.
- H1b: Perceived physical dimensions have a significant positive relation with behavioural responses of coworking space members.
- H1c: Perceived physical dimensions have a significant positive relation with coworking member performance.

6.3.3 *Community engagement and events as predictors/ independent variable*

Nguyen, DeWitt and Russell-Bennet (2012) argue that the social servicescape is of critical importance in both retail and hedonic consumption settings in influencing the perception of service quality. They reveal that it is natural for the presence of other customers sharing the same physical service environment to play a role in customer perceptions of the service quality evaluation.

Notwithstanding research in sociology with respect to the social dimension and the retail environment (Falk & Campbell 1997; Miller et al. 1998; Shields 2003), it is argued that marketers should understand the dynamics of the service environment and study the differential effect of social dimensions facilitating value-in-use experienced by consumers. Community is found to be an important element in enhancing human social, emotional and cognitive experiences (Unger & Wandersman 1985). Rivlin (1987) explains that the bond between people and places has cohesiveness in the way people are connected to the community within that place/space where they are moulded together. Rosenbaum (2008) described the term ‘community’ to explain the origin of commercial friendship and it denotes people gathering in a place to meet others sharing the same interests. It is further postulated that people require communalities and endeavour to access social interactions. The concept of community engagement is applied in the marketplace setting, revealing the need for consumers to feel they belong to a community, which, in turn, drives their consumption (McGrath et al. 1993). Consistent with this view, Goodwin (1997) proposes that all service relationships, consumer and professional, can be viewed from the perspective of communality from which a range of relationships between the service provider and customer emerges (Swan et al. 1999). This relationship is specifically relevant to the emerging, unique service businesses that emphasise community, such as coworking spaces. Although the physical setting influences coworker value-in-use experiences, findings from the qualitative analysis reveals the influence on customer experience from being part of a community, such

as involvement in social events within the service setting, can be greater. For example, a coworking member in a coworking space could experience a great benefit in exchanging ideas with another coworking member through an informal interaction during an event in the space, and this is valued more than a need for comfortable space to work with proper lighting, seating and music. Therefore, it is postulated that:

- H2a: The perceived community engagement and events in a coworking space has a positive relation with value-in-use experienced by coworking members.
- H2b: The perceived community engagement and events in a coworking space has a significant positive relation with behavioural responses of coworking space members.
- H2c: The perceived community engagement and events in a coworking space has a significant positive relation with coworking member performance.

6.3.4 Social interactions and support as predictors/ independent variables

As mentioned in Chapter 2, the social context of service environment can enhance or decrease customer value-in-use experience (Tombs & McColl-Kennedy 2003). Considering the context of a service environment, it is also an important to evaluate the effect of sociality. Oldenburg (1999) explain the need for social interaction and support from the third-place context. Rosenbaum (2006) asserts that social support received from the others in a commercial place influences their loyalty towards the place. Coworking members in the present study continually emphasised the interactions they have with other members and managers, and the support they receive in the coworking space, as a salient environment for them. Therefore, social interaction and support is postulated to influence coworker appreciative judgement of value-in-use experience, behavioural responses and performance of coworking member in the coworking space. It is hypothesised that:

- H3a: The perceived social interactions and support in a coworking space have a positive relation with value-in-use experienced by coworking members.
- H3b: The perceived social interactions and support in a coworking space have a significant positive relation with behavioural responses of coworking space members.
- H3c: The perceived social interactions and support in a coworking space have a significant positive relation with coworking member performance.

6.3.5 Management support services as predictors/ independent variable

One of the emerging dimensions in expanding and enriching the servicescape framework in the present study was ‘management support services’. The coworking space offers this facility as a bundle (Vandermerwe & Rada 1988) that comprises a combination of coworking member-focused support services. A service organisation’s support services, from a marketing perspective, reflects the work of Vandermerwe and Rada (1988) who explain that services are not a separate category, but an imperative part of the strategic mission and corporate planning. Vandermerwe and Rada (1988) argue that only those firms and organisations that find ways to develop services to sustain their customers develops a competitive advantage. Support is considered any form of help and assistance provided to consumers in enhancing their usage of products or services by co-producing and co-delivering services with the firm. The empirical finding from the qualitative phase revealed management support services provided by the coworking space enable the coworking members to operate their businesses efficiently. Managers and coworking members in the present study expressed that the support services offered by coworking members are of a great assistance and an added value of being in the coworking space. In coworking spaces, most members are either developing or running a small business and, as new enterprises, they often find that it difficult to develop due to lack of resources, knowledge and social capital. It was found, through the qualitative findings, that support services provided by the coworking spaces are similar to business assistance provided by incubators. The incubator literature defines business assistance services as those which:

cover a wide range of professional business development assistance services including developing a business plan and offering support in strategic planning, accounting, financial management, sales or marketing advice, legal advice, educating them on government regulations, product development, and employment assistance. (Abduh et al. 2007, p. 76).

The effectiveness of these support services is expected to influence value-in-use experienced in the coworking space, coworking member behavioural responses and performance in the coworking space, and hence, the following hypotheses:

H4a: The perceived management support services provided in a coworking space have a positive relation with value-in-use experienced by coworking members.

- H4b: The perceived management support services provided in a coworking space have a significant positive relation with coworking space member behavioural responses.
- H4c: The perceived management support services provided in a coworking space have a significant positive relation with coworking member performance.

6.3.6 Collaborative culture – perceived organisational culture as predictor/independent variable

Since collaboration has a high consensus perception regarding the culture in a coworking space, the organisational culture dimension is termed a ‘collaborative culture’. Literature concerning organisational culture emphasises that the consumer’s identification with a service organisation’s culture shapes their perception of the capabilities of services provided, and at times, they perceive the value received to exceed the service requirement expectations (Lukas et al. 2013). Coworking member identification with the ‘coworking culture’ or ‘collaborative culture’ repeatedly emerged as a salient factor. The qualitative findings revealed that coworking members were aware of the coworking space culture which they could identify with. It is through sense giving (Smerek 2009) that is, explanations by coworking managers to members, and by members to each other, regarding the culture, and sense making (Smerek 2009) while adapting to and being in an environment that portrays a specific culture. The collaborative culture as perceived by the coworking member and observed in coworking spaces in the present study comprised community, openness, communication and collaboration; having the feeling of an extended family as a support group, reflected the culture of the coworking space.

Activities in the coworking space, for example, having a mixed bag lunch together once a week, updating each other on what is happening, and having a Friday evening wine down to catch up on the week with members and community managers, reflects the sense of community and openness. As postulated by Bhattacharya and Sen (2003), consumers identify with an organisation’s culture through company related rights, rituals and routines. Press and Arnould (2011) conclude that identification of an individual with an organisation results in the individual’s consumer values and behaviours aligning with those of the organisation (Ashforth & Mael 1989; Bhattacharya et al. 1995; Dutton et al. 1994).

Drawing on the widely used organisational competing values framework (Quinn & Rohrbaugh 1983), the perceived collaborative culture is highly cohesive with a ‘clan culture’. (See for example, Cameron & Quinn 2005; Deshpandé & Webster 1989). The collaborative

culture is referred to as an open and friendly place to work where people share a lot of themselves, with an emphasis on openness, participation and sociality, while developing and maintaining an entrepreneurial essence within the organisation, outlining business prospects and increasing the ability of coworking members to respond to the changing business environment.

Therefore, when coworking members identify with the coworking space culture and be part of the service environment, this is expected to influence their experience in the coworking space. Hence, the following hypotheses are postulated:

- H5a: The perceived collaborative culture in a coworking space has a positive relation with value-in-use experienced by coworking members.
- H5b: The perceived collaborative culture in a coworking space has a significant positive relation with coworking space member behavioural responses.
- H5c: The perceived collaborative culture in a coworking space has a significant positive relation with coworking member performance.

6.3.7 Value-in-use and behavioural responses as a dependent variable

The conceptualisation of value-in-use is intended to determine what consumption values impact behavioural responses and outcomes for consumers. As noted, literature from service marketing based on restaurant settings reveals that customer perceived value also influences customer post-dining behavioural responses. It was found that customer perceived value was the greatest contributor to behavioural response and mediated the relation between emotional and behavioural responses. Studies have shown perceived value influences customer search behaviours, purchase intentions, commitment, satisfaction and loyalty (Brown & Lam 2008; Cronin et al. 2000; Eastlick & Feinberg 1999). Behavioural responses in the present study are measured by coworking member loyalty, place attachment and positive word-of-mouth endorsement. Therefore, supporting the postulation that consumer's experience of value-in-use is a predictor to behavioural responses.

Perceived value has been shown to be constantly influencing purchase behaviour (Anderson & Srinivasan 2003; Chen & Dubinsky 2003; Cronin et al. 2000; Dodds & Monroe 1991; Hellier et al. 2003; Parasuraman & Grewal 2000; Sweeney et al. 1999). Moreover, studies claim that perceived value predicts consumer behavioural responses, for example the repurchase intentions, better than satisfaction or perceived quality (Cronin et al. 2000: Oh,

2000). Therefore, customer value perceptions are seen to increase their willingness to buy and decrease search intentions for substitutes (Bloemer et al. 1999; Grewal et al. 2003; Hellier et al. 2003). In past studies, perceived values were measured with either a self-reported, unidimensional measure (Gale, 1994) or a multidimensional scale (Petrick & Backman, 2002 & Sheth et al., 1991). However, in this study the value-in-use is treated as unidimensional with multiple items of value-in use experiences explored through the qualitative phase. Marketing literature shows that behavioural responses have been used by several researchers to evaluate loyal behaviour (Ajzen & Fishbein 1980; Duman & Mattila 2005; Gremler & Gwinner 2000; Mathwick et al. 2001; Odin, Odin et al. 2001; Sweeney et al. 1999; Ribbink et al. 2004). The following hypothesis is therefore postulated:

H6: Value-in-use experience has a significant positive effect on behavioural responses.

6.3.8 Value-in-use and performance of coworking member as a dependent variable

The fundamental goal of any coworking member in a coworking space is to perform well and bring about desired goals. In other words, one would aim to perform better than one would working from home and isolation as well with the distractions of working from a café. Lovelock and Gummesson (2004) argue that the value perceived by a consumer in any service-marketing context is to bring about desired change. To determine whether freelancers, start-ups, entrepreneurs and designers are successful when they are in a coworking space, or able to increase their level of success, the topic of performance as an outcome or dependent variable is evaluated. Sweeney (2003) proposes that consumer-perceived value directly relates to consumer behavioural responses and, subsequently, desired behaviours (Sweeney 2003). Here, the desired behaviour is considered an outcome in the form of coworking member performance. Therefore, it is postulated that value-in-use experienced in the coworking spaces will influence coworking member desired change, which, in this context, is their performance. As the majority of coworking members are running their own businesses or working for an enterprise, coworking member self-reported individual and business performance (productivity, business growth, acquired new customer, increase in profit, creativity and business opportunity) (Benjamins 2009) is measured as the desired outcome or goal. Therefore, it is hypothesised that:

H7: Value-in-use experience has a significant positive relation with coworking member performance.

6.3.9 The mediating the role of perceived value-in-use

Delivering value to customers has become the main aim in developing customer loyalty, subsequently increasing regular purchasing behavior in order to decrease switching behaviour (Rust et al. 2004). Therefore, organisations build their distinctive business image and competitive advantage by the main method of providing customer value (Kanagal, 2009; Eun-Ju & Overby, 2004). Furthermore, the marketing efforts are focused in providing customer perceived value (Moliner et al. 2007; Sangkaworn & Mujtaba, 2010). Which means, an organisations marketing tactics are fundamentally designed to emphasis value creation for customers (Billington & Nie, 2009). Yoo et al. (2000) study found consumer-perceived values are influenced by a firm's design of marketing operations which can lead to customer (brand) equity. Therefore, consumer perceptions of servicescape dimensions through perceived value-in-use can be tested as a mediating factor influencing behavioural responses and perceived outcomes of consumption, which in this study, is coworking member performance. Therefore, value-in-use as a mediating factor is hypothesised:

H8: Value-in-use experience mediates the relations between enriched servicescape dimensions and behavioural responses.

H9: Value-in-use experience mediates the relations between enriched servicescape dimensions and performance of coworking member.

6.4 Conclusions

This chapter has provided the finalised research model and 9 major hypotheses to be tested, based on the survey data. A detailed explanation and justification of the research model, constructs and their measures (reflective) and the hypothesised relationships were provided targeted for testing across Australian coworking spaces. The hypotheses were developed to test the enriched servicescape dimensions, based on the model combined from the literature review and results from the field study about the impact of the servicescape and value-in-use on behavioural responses and performance. The following chapter details the development of the questionnaire and survey instruments, the pretesting of the questionnaire through a pilot survey, the actual data collection, sampling strategy and preliminary data analysis.

CHAPTER 7:

QUANTITATIVE METHODOLOGY

7.1 Introduction

This chapter examines how the hypothesised relations as a quantitative approach was adapted using the survey instrument, the development of the survey questionnaire and its measures. It also examines the pre-testing of the survey with a range of testing techniques and a pilot study before the actual survey. Finally, the sampling and recruitment procedures, data collection procedures, data analysis methods and preliminary analysis results are explained.

7.2 Survey questionnaire development

The purpose of the quantitative phase of the research was to investigate how the perceived enriched servicescape dimensions influence value-in-use experiences, behavioural responses and performance of coworking members in the coworking space setting. An intensive review of relevant literature in Chapter 2 and the inducted empirical findings from the qualitative phase, again cross-referenced of with literature in Chapter 6, provided the operationalisation of the variables and hypothesised relations. However, the credibility of research is dependent on the ability to develop a sound measurement scale and the capacity to precisely and reliably operationalise the variables to observe covariance of the observed variables (Hinkin 1995). With this in mind, most of the survey items about community engagement and events, social interaction and support, management support services, collaborative culture, and value-in-use experience were developed and modified based on the empirical findingsa from the field study and previous literature related to servicescape, social servicescape, perceived value, consumer behaviour responses and incubator firm performance. Consumer behavioural responses were intended to measure loyalty, sense of belonging and positive word-of-mouth. The coworking member performance variable was intended to measure individual and business performance through self-reported productivity and business growth.

The questionnaire comprises five major parts. The first part aimed to collect general information on the coworking space location, type of membership, hours spent in the coworking space and membership cost. Part two was intended to elicit perceptions about physical design, social interactions and support, community engagement and events, management support services and the collaborative culture of the coworking space. The third part was intended to measure coworking member perception of value-in-use experiences,

while the fourth intended to measure the behavioural responses of members had towards the coworking space. The fifth part measured self-reported individual and business performance of coworking members. In addition, the final part of the questionnaire was intended to collect demographic information of respondents.

The majority of the questions were on a seven-point Likert scale except those used for demographic data and coworking memberships, which are principally descriptive in nature and adapted from categorical or dichotomous scales. The seven-point Likert scales ranges from (1) strongly disagree to (7) strongly agree for all determined variables. According to Finstad (2010), 'seven-point likert items have been shown to be more accurate, easier to use, and a better reflection of a respondent's true evaluation' (2010, p. 109). Considering previous research arguing for the balance between sensitivity and efficiency (Diefenbach et al. 1993; Russell & Bobko 1992), the seven-point scale is regarded as representing a 'sweet spot' in survey instrumentation. Other research has found that the seven-point scale surpasses other scales in scientific accuracy, perceived accuracy and ease of use of the measure (Finstad 2010).

7.3 Pre-testing the survey instruments

To minimise the possible occurrence of survey errors, pre-testing the survey instrument is usually conducted in a pilot study before the actual survey. Pre-testing is useful to achieve valid, reliable and unbiased results because it can highlight a broad category of errors related to respondents misunderstanding of questions and those which respondents do not attempt to answer (Collins 2003).

Methodologically, commonly used pre-test techniques are expert opinion and focus group discussions on identifying problems with the questionnaire at the early stages of development (Hughes 2004). A pilot study is recommended as the final stage of evaluating the survey instrument. Research studies use a combination of these methods for survey pre-testing including expert review, focus-group discussion, pilot study, and, finally, checking the survey with people unrelated to the research project (Dillman 2000; Lonsdale et al. 2007). Based on the work of Hughes (2004); Dillman (2000); and Lonsdale et al. (2007), the present study applied the following methods for pre-testing the survey instrument.

7.3.1 Expert review

The first step in reviewing the questionnaire, measurement scales and the logical flow of the questions representing each variable, was input from experts in the field. Two professionals with extensive experience managing coworking spaces and two academics with a service-marketing background were consulted. They applied their practical and theoretical understanding, subject expertise and broad experience to critique the questionnaire for potential errors regarding comprehension, comprehensiveness, rationality, relevancy, and redundancy (Olson 2010). The feedback and suggestions from the expert panel were very helpful in designing optimum wording for survey items and structuring the layout for accuracy and relevancy in collecting information. The panel of experts were also requested to rate the importance of the items based on five point scale ranging from “not important at all” to ‘very important’ (Hunter & Gerbing 1982). Based on the response items that had mean score more than three were retained. Furthermore, the redundant items elicited from the qualitative phase were also removed after the expert review.

7.3.2 Focus group feedback

Focus group feedbacks from potential respondents are useful to establish that respondents understand the concepts of the questions in a consistent way. Consequently, after completing the review by experts, a focus group session was conducted. During this session, respondents were asked to describe their views about issues in the questionnaire. This step was performed to better understand the internal cognitive processes of the respondent in attempting to answer a question, the probability of responding to a question, and the level of knowledge needed to provide an accurate answer (Hughes 2004).

The checklist, adapted from Hughes (2004, p. 5) for the focus group session was as follows:

- 1) Does the respondent have any difficulty understanding the meaning of the question or the meaning of particular words or concepts?
- 2) Does the respondent have different understandings as to what the question refers?
- 3) Does the respondent have any difficulty recalling, formulating or reporting an answer?

The important outcomes of applying this method were to change a few of the ‘academic’ terms to more commonly used words, and reorder the structure and scale of the questionnaire.

7.3.3 Pilot study

A pilot study comprising 38 higher degree research colleagues who work from a higher degree research open work space in RMIT University was carried out before the actual survey to ensure questionnaire design, wording and measurement scales were appropriate. The pilot test revealed that there were no major issues regarding clarity and appropriateness of questions about coworking member perceptions, opinions and behaviours.

The questionnaire was designed for completion within 10–15 minutes to avoid negative reactions to a long survey. The pilot test revealed that it was possible to complete the survey within 15 minutes by making a minor design change; this contributed to achieving a greater response rate.

7.3.4 Reliability test

The reliability of a scale or measure refers to the extent to which it is consistent in what it is supposed to measure (Hair et al. 1998). Since it is argued that questionnaire design and statistical modelling should work in tandem for the survey research (Presser et al. 2004), an attempt was made to check the homogeneity and consistency of items in survey constructs using the SPSS software. Coefficient alpha (Cronbach 1951) is the most common recommended measure for internal consistency of a set of elements and should be the first measure to assess survey instrument quality (Churchill 1979; Nidumolu 1995). This shows whether the instrument items are homogeneous and reflect the same underlying construct by calculating the estimated correlations of the set of items with true errorless scores (Zikmund 2003).

A low alpha may indicate a poor performance of the sample items in capturing the constructs, although the scale of 'low' is dependent on the purpose of research (Churchill 1979). Alpha level should normally exceed .70 for an acceptable standard, but for exploratory and early stages of research, Nunnally and Bernstein (1978) suggests an alpha of .50 to .60 is sufficient. Eliminating items with correlations near zero or increasing the number of items are means to push the alpha rating to an acceptable level (Cortina 1993). Table 7.1 illustrates the SPSS output of the Chronbach alpha level of the pilot study; it shows that all constructs had an acceptable standard of coefficient alpha for this stage of the research.

Table 7.1 Reliability of variables

No.	Variable	No. of items	Mean	Likert scale type	Cronbach Alpha
1	Physical design	6	5.798	Seven-point	0.813
2	Community engagement and events	5	5.640	Seven-point	0.844
3	Social Interactions and support	6	6.193	Seven-point	0.844
4	Management support services	6	5.437	Seven-point	0.856
5	Collaborative culture	4	5.500	Seven-point	0.730
6	Value-in-use	6	5.595	Seven-point	0.881
7	Behavioural responses	5	5.556	Seven-point	0.780
8	Coworking member performance	6	5.354	Seven-point	0.826

All the variables had an alpha higher than 0.70. Since the survey items were a combination of past research measurement and items developed from scratch using interview analyses from the qualitative field, followed by a rigorous review by experts and focus group feedback, the reliability analysis from the pilot study shows an alpha score that is reliable for the exploratory nature of the research. The scales revealed Cronbach's alphas between 0.73 - 0.88 revealing clear evidence of construct reliability (Nunnally & Bernstein 1994). Therefore, the questionnaire was ready for final survey and further statistical analysis using confirmatory factor analysis using Partial Least Square – Structure Equation Modelling (PLS-SEM). Table 7.2 shows the finalised survey items, the type of measure and source or reference of survey items.

Table 7.2 Finalised survey items

Variable	Item code	Survey items	Source / reference
Physical design	PH1	The ambience in this coworking space is great	Adapted from Yee, Yim and Ping (2012) and revised to fit the coworking space context based on empirical findings from qualitative phase
	PH2	The seating arrangements in this coworking space are comfortable	
	PH3	The layout of this coworking space is spacious	
	PH4	The interior design of this coworking space has aesthetic character	
	PH5	The facilities and amenities in this space function well	
	PH6	This coworking space maintains cleanliness	
Community & events	CSE1	The community in this coworking space is great	Adapted and developed based on empirical findings from the qualitative phase
	CSE2	The coworking space creates a sense of engagement among coworking members	
	CSE3	Coworking members meet other relevant contacts through social events	
	CSE4	There is a broad range of social events organised by the coworking space	
	CSE5	There is a variety of social activities hosted by coworking members	
Social interaction and support	SIS1	Coworking members in this space are willing to help	Adapted from Rosenbaum (2006) and revised to fit the coworking space context based on empirical findings from the qualitative phase
	SIS2	Coworking members share information with others in the space	
	SIS3	I would give advice to other members if asked	
	SIS4	The space managers in this coworking space are very friendly	
	SIS5	The space managers in this coworking space facilitate interactions between members in this coworking space	
	SIS6	The space managers in this coworking space are always willing to help	
Management support services	MS1	This coworking space organises training/feedback sessions offered by experienced industry professionals	Adapted and developed based on empirical findings from the qualitative phase
	MS2	This coworking space provides access to international/local mentors	
	MS3	This coworking space provides access to venture capitalists	
	MS4	This coworking space provides access to investor/entrepreneur networking group	
	MS5	This coworking space provides access to a professional network	
	MS6	This coworking space provides access to corporate partners	

Table 7.2 Finalised survey items (continued)

Variable	Item code	Survey items	Source / reference
Collaborative culture	CUL1	This coworking space is like an extended family. People share a lot of themselves	Adapted from Deshpandé & Farley 2004 and revised to fit the coworking space context based on empirical findings from the qualitative phase
	CUL2	This coworking space emphasises high consensus, openness and participation	
	CUL3	This coworking space has great social warmth	Adapted and developed from the qualitative phase
	CUL4	This coworking space encourages collaboration among members	
Value-in-use	VIU1	I value the openness in exchange of ideas among members in this coworking space	Adapted from Smith and Colgate (2007) and revised to fit the coworking space context based on empirical findings from qualitative phase
	VIU2	I value how the coworking space managers reassure me about things	
	VIU3	I value the coworking space managers being warm and affectionate to me	
	VIU4	I value the networking I establish in this coworking space	
	VIU5	I value the superior services delivered by this coworking space	
	VIU6	I value feeling positive being in this coworking space	
Behavioural responses	BI1	I am happy with the experience being in this coworking space	Adapted from Zeithaml et al. (1996) and revised to fit the coworking space context
	BI2	I feel I belong to this coworking space	
	BI3	I say positive things about the coworking space to other people	
	BI4	I invite friends to try coworking in this coworking space	
	BI5	It is likely that I am going to continue my membership during the next six months	
Coworking member performance	PER1	My productivity has increased working from this space	Adapted from Benjamins (2009) and Voisey et al. (2006) and revised to fit the coworking space context
	PER2	My business has grown in sales	
	PER3	My business has acquired new customers	
	PER4	My business has increased profitability	
	PER5	My business has become more creative	
	PER6	My business has become quick in responding to opportunities	

7.4 Data collection method: Online survey

The online survey was employed as data collection method and the questionnaire was developed using the Qualtrics, an online survey service. Due to the electronic mode of survey, respondents are considered as self-selected participant who completes and returns the online questionnaire (Jansen et al. 2007). This method was employed after considering the following advantages:

1. Online surveys are visually appealing (Jansen et al. 2007; Van Selm & Jankowski 2006) and a refined technique (Gaiser & Schreiner 2009). A colourful template design with image of the coworking space was used to entice responses and engagement. An online survey provides time and place flexibility.
2. Coworking members are mostly technology-oriented workers. The internet is a means of communication and work. Therefore, an online survey matched the nature of coworking members' work style.
3. The electronic mode with links to the survey allows respondents to promote the survey by sharing it to their networks and private social network page.
4. The approach was intended to generate only completed questionnaires. Qualtrics generates the questionnaires which are completed, while the uncompleted surveys stores in the 'in progress' file. This step avoided incomplete data.
5. The method guarantees the respondent's confidentiality and privacy (Andrews et al. 2003; Ritter & Sue 2007). Completed survey can be submitted without revealing any information to another individual.
6. Online survey was relatively inexpensive (Gaiser & Schreiner 2009; Sue & Ritter 2007).
7. The method assisted in gathering of responses from potential respondents as soon as the link was submitted (Gaiser & Schreiner 2009; Sue & Ritter 2007).
8. The method allowed sampling of a larger number and wider range of respondents (Gaiser & Schreiner 2009; Jansen et al. 2007).
9. The technique allowed to employ the survey in a practical way (Gaiser & Schreiner 2009; Jansen et al. 2007; Tuten et al. 1997; Van Selm & Jankowski 2006) avoiding the necessity to print the questionnaire, administer it or to enter and code the data. The software reduced manual administration and assisted in avoiding transcription errors (Gaiser & Schreiner 2009).

10. The method permitted the survey to be forwarded to numerous different groups and organisations in virtual social media networks (Gaiser & Schreiner 2009; Sue & Ritter 2007).

7.5 Respondent criteria

The survey was targeted to those who had membership in and working from a coworking space in Australia. While the focus was to gain perceptions and opinions of coworking members, convenience sampling was employed to conduct the survey. The survey was administered during October and November 2015. Prospective participants were obtained through two main channels: online social media and direct contacts. Table 7.3 shows the channels used to promote the survey.

Table 7.3 Channels used to promote the survey

Channels	Media
Virtual social media networks	Facebook LinkedIn Yammer–Private social network Tribes – Private social network
Personal communication	Email

7.5 Survey feedback

Obtaining adequate participants for the online survey was both challenging and required a cooperative effort. It was difficult to obtain nationwide respondents. However, the coworking spaces in major cities were approached for assistance. They were requested to assist in distributing and promoting the survey to the coworking members, as most of the members were part of a private Facebook or social media groups attached to a coworking space. Twenty coworking spaces across Australia were approached, with 15 coworking spaces agreeing to extent the link through their in-house network as well giving the investigator the permission and means to post the invitation online; the remaining spaces declined for plausible reasons.

In addition, the link was advertised on Facebook and LinkedIn ‘walls’ of coworking space groups in Australia. Access to these private groups made the process of approaching the active coworking members easy; however, some difficulties were encountered as follows:

- 1) Some participants had difficulty reaching the end of the survey due to poor internet connection and had to start over again.
- 2) Some participants felt that they should be compensated for their time doing the survey.
- 3) Some respondent left the survey halfway through, with incomplete surveys, and some respondents took two to three weeks to accept the invitation and delayed responding to the questionnaire.

On the other hand, some respondents emailed the investigator to confirm that the research was interesting and they were looking forward to seeing its contribution to the development of coworking spaces.

7.6 The use of partial least square-structural equation modelling (PLS-SEM)

The PLS approach of SEM was used to simultaneously examine the structural components of both the measurement and structural model used this study. SEM has become a quasi-standard in marketing and management research (Ringle et al. 2012) because it allows the testing of theoretically supported linear and causal models (Haenlein & Kaplan 2004). The advantage of SEM is that marketing researchers can visually observe the relations among variables to strategize and recommend resources that improve customer service.

PLS is known as soft modelling of SEM without assumptions about data distribution (Vinzi et al. 2010). Therefore, it has advantages when the following conditions exist (Bacon 1999; Hwang et al. 2010; Wong 2010):

1) Sample size is small

This study had a limited number of 102 online survey responses.

2) Application has little available theory

The aim of the present research is to evaluate the effectiveness of the enriched servicescape dimensions, whereby some of the enriched dimensions are incorporated from the qualitative findings. Therefore, this criterion is satisfied.

3) Predictive accuracy is paramount

The predictive effect of the servicescape dimensions on value-in-use experiences, behavioural responses and coworking member performance is vital for this study.

4) Correct model specification cannot be ensured

The final research model of this study is treated as exploratory to test the incorporated enriched servicescape dimensions and value-in-use that emerged from the qualitative phase. Therefore, correct model specification is not an expectation of this study. The study is mainly required to analyse cause-effect relations between latent constructs (Hair et al., 2011) and does not require correct model specification.

Fulfilling the above conditions justifies the employment of PLS for the present research. Furthermore, PLS-SEM has been utilised in many research areas including behavioural science and marketing (Henseler et al. 2009; Sosik et al. 2009; Chin et al. 2003).

PLS allows researchers to test theories and concepts (Hair et al., 2012). The PLS path analysis model represents a well-substantiated method for estimating complex cause-effect-relation models in business research (Henseler & Chin 2010). The final research model was analysed using ADANCO (Henseler & Dijkstra 2015), a new software platform for SEM which also includes PLS path modelling. Because the primary objective of PLS is prediction (Rezaei & Ghodsi, 2014), the soundness of a theoretical model is established by the strength of each structural path and the combined productiveness of its exogenous constructs (Duarte & Raposo, 2010). PLS had two stages of analysis (Barclay et al. 1995; Santosa et al. 2005). This involved: (1) the measurement model is estimated showing statistics (that is, loadings) that assess the validity and reliability of variables and their respective indicators. (2) The results for the structural model are informed showing the relations (that is, path coefficients) between the constructs and the explained variance. Thus, PLS shows which assumed predictors have substantive links to outcomes by estimating the relative strength of relations using the path loading of predictors. Using the R², it also can be judged to what extent variation in one set of variables might help explain variance in another variable of interest. The present study fulfilled the guidelines concerning PLS applications. Table 7.4 shows the fulfilment of the guidelines on PLS application.

Table 7.4 Research fulfilment of the guidelines on PLS application

Reference	Applications	Suggestions	Fulfilment of requirement
Hair et al. (2010)	Measurement scale	Avoid using a categorical scale in endogenous constructs.	Continuous scale
Henseler & Chin (2010)	Value for outer weight	Use a uniform value of 1 as starting weight for the approximation of the latent variable score.	Fulfilled
Ringle et al. (2012)	Maximum number of iterations	300	Fulfilled
Hair et al. (2011)	Bootstrapping	The number of bootstrap 'samples' should be 5000 and the number of bootstrap 'cases' should be the same as the number of valid observations.	Fulfilled
Henseler & Sarstedt (2013)	Inner model evaluation	Optional use of goodness-of-fit (GoF) Index.	Reported (GoF)
Bagozzi & Yi (1988)	Outer model evaluation (reflective)	Report indicator loadings.	Indicator loadings are reported using composite reliability. 0.70 or higher is preferred. If it is an exploratory research, 0.4 or higher is acceptable. (Hulland, 1999)
Wong (2013)	Outer model evaluation (formative)	Report indicator weights. To test the outer model's significance, report t-values, p-values and standard errors.	t-value, p-value and standard errors are reported

Adapted from Wong (2013)

7.7 Sampling size requirement

PLS analysis requires minimum sample size of at least ten times the largest number of structural paths directed at a variable in the structural model (Hair et al. 2011; Henseler et al. 2009; Ringle et al. 2012). Marcoulides and Saunders (2006) suggest that applying the ten times rule with a power analysis will likely yield a higher power of hypothesis test. Therefore, to determine the sample size the recommendations of Cohen (1992) for the multiple regression models (Hair et al. 2014) were followed. Table 7.5 shows the sample size recommendation to detect R^2 values for a statistical power of 80%, with the assumptions that it is the level of statistical power widely-used.

Table 7.5 Sample size recommendation in PLS for a statistical power of 80%

Maximum number of arrows pointing at a construct	Significance Level											
	1% Minimum R ²				5% Minimum R ²				10% Minimum R ²			
	0.10	0.25	.50	0.75	0.10	0.25	.50	0.75	0.10	0.25	.50	0.75
2	158	75	47	38	110	52	33	26	88	41	26	21
3	176	84	53	42	124	59	38	30	100	48	30	25
4	191	91	58	46	137	65	42	33	111	53	34	27
5	205	98	62	50	147	70	45	36	120	58	37	30
6	217	103	66	53	157	75	48	39	128	62	40	32
7	228	109	69	56	166	80	51	41	136	66	42	35
8	238	114	73	59	174	84	54	44	143	69	45	37
9	247	119	76	62	181	88	57	46	150	73	47	39
10	256	123	79	64	189	91	59	48	156	76	49	41

Source: Cohen (1992)

The sample size requirement to determine the minimum R² value of 0.25 from the above table follows the requirement recommended by Hair et al. (2014):

- 1) Significance level of 5%.
- 2) Statistical power 80%.
- 3) Maximum number of arrows pointing at a construct.
- 4) Measurement models with loadings above the common threshold of 0.70 or 0.40-0.60 for exploratory items.

As shown in the finalised research framework presented in Chapter 6, Figure 6.1, the largest number of paths pointing to a construct in the structural model is seven, which represents relations between physical dimensions, community engagement and events, social interactions and support, management support services, and perceived collaborative culture with behavioural responses and coworking member performance.

Table 7.5 above shows that 80 observations are needed to obtain a statistical power of 80% for detecting R² value of 0.25 with a 5% chance of probability of error, consistent with guidelines suggested by Marcoulides and Saunders (2006). All measurement items retained in

the final measurement models for this thesis show loadings between 0.519 and 0.890 on their intended constructs. All 4 criteria for the statistical power analyses are satisfied. Given that the sample size examined in this thesis is 102; the minimum requirements to employ PLS are fulfilled based on ten times rule of thumb and power analysis.

7.8 Preliminary evaluation

Preliminary evaluation was conducted to prepare the data for assessment of measurement and structural models. Data screening processes were undertaken, including visual inspection of the data for identifying and correcting errors in the data set, identification of missing data, and tests for violations of statistical assumptions such as normality and outliers (Hair et al. 2011; Pallant 2010). As noted, data were collected via the online survey of 102 coworking members. The online questionnaire was designed to only accept completed entries; therefore, there were no issues with missing data in the 102 responses.

Further action was taken to perform a normality testing (Hair et al. 2011). It is required that data should be normal before any further analysis. However, it might be the case that some data might be imperfectly normal. Allen and Bennett (2010, p. 200), argue that ‘each variable should be approximately normally distributed, although factor analysis is fairly robust against violations of this assumption’. The Kolmogorov-Smirnov’s normality test was used to test the assumption of multivariate normality. However, PLS analysis does not require a normally distributed dataset (Chin, Marcolin and Newsted 2003). Nevertheless, it is essential to determine the reasonable basis for statistical analysis in the application of multivariate techniques to avoid incorrect calculations (Hair et al. 1998). Skewness and Kurtosis values of the individual items fell within the acceptable range (± 2). The test showed that distributions of the items are normal. Thus, in this study the multivariate normality assumptions fulfilled the normal distribution of data. All data collected in this study were considered normal for further analysis.

In this study, confirmatory factor analysis (CFA) is used instead of the exploratory factor analysis (EFA) because the purpose of the quantitative phase is to test predetermined relations from the finalised research model and hypotheses rather than using the exploratory method to identify the factor structure of observed variables. Russell (2002) suggest that when a study has clear predictions supported by literature and empirical justification about the fundamental factors, it is more appropriate to evaluate the conceptualised model fits data by performing CFA rather than EFA. Moreover, CFA is a more rigorous technique than EFA

(Bagozzi & Yi 2012). Thus, CFA was considered more suitable as the study relied on developed and explored understanding regarding the fundamental factors of the measures. Based on theory, support of empirical findings and past literature, or all three, the link between the measures and the variables are hypothesised and can be statistically evaluated using CFA (Bryne 2005; Treiblmaier & Filzmoser 2010). CFA was conducted using PLS following criteria explained in Chapter 8 which follows.

7.9 Respondents characteristics: descriptive analysis

Demographic data were useful to draw an accurate understanding of the characteristics of the survey as demonstrated in the following results set out in Table.7.6

Of the 102 survey responses, Table 7.6 shows that the survey is well participated by gender because there is an almost equal distribution of male and female coworking members. At 64%, the Y generation cohort of the age group is one of the major segments of coworking members at the coworking spaces in this study. Around 60% of participants of this study are full-time members, followed by 33% part-time membership occupying the space 2–3 times a week. Full-time members spend an average of 33 hours in a week and pay an average fee of \$445 per month. Around two-thirds of respondents (72%) were working from Melbourne-based coworking spaces. Half of the participants have a Bachelor degree and 30% have a Master's degree as their highest education level.

Table 7.6 Respondent profile

Measure		Frequency	Valid Percentage
Gender	Male	59	57.4
	Female	43	42.6
Age generation	Generation X (1966–1976)	19	18.8
	Generation Y (1977–1994)	66	64.4
	Generation Z (1995–2012)	7	6.9
	Before 1966	10	9.9
Membership	Full-time/ regular	62	60.4
	Part-time/casual	34	33.7
	Once a week	5	5.0
	After hours (After 5.30pm)	1	1.0
Location of coworking space	Melbourne	76	74.3
	Sydney	23	22.8
	Adelaide	2	2.0
	Brisbane		1.0
Education level	High School	10	9.9
	Bachelors	60	58.4
	Master's	31	30.7
	Other	1	1.0
Industry primarily involved	IT/technology	49	47.5
	Creative industry	23	22.8
	Social enterprising	5	5.0
	Academic/education	5	5.0
	Others	20	19.8
Employment status	Freelancer	25	24.8
	Entrepreneur	52	50.5
	Employee of an organisation	20	19.8
		5	5.0
Average hours spent in coworking space per week	Mean		33 hours
	Min		10 hours
	Max		70 hours
Membership cost	Mean		AUD 445
	Min		AUD 100
	Max		AUD 900
Role in organisation	Co-Founder	40	39.6
	Owner	26	25.7
	Managing Director/	5	5.0
	CEO	21	20.8
	Manager	10	8.9

The demographic data revealed some typical characteristics of coworking members. Forty-seven per cent were involved in IT and 22% in creative industries, which confirms the nature of IT start-up business and freelancers choosing to cowork in a coworking space. This again reflects the population of the coworking members with 50% of the participants reporting their employment status as entrepreneurs and 25% as freelancers. Most of the coworking members (40%) were co-founders of an organisation, 25% were business owners and 20% were managers of their businesses.

7.10 Conclusion

This chapter detailed the development of the questionnaire and the measures to test the hypotheses of the study that draw together the dependent and independent variables of the finalised model discussed in chapter 6. The questionnaire was designed to be completed in 15–20 minutes through an online survey. Almost all the questions were based on seven-point Likert scales except those used for demographic data, primarily descriptive in nature. A combination of expert review, focus group feedback and a pilot test were used to revise, improvise and validate the instrument by examining its length, structure and reliability in preparation for the final online survey. PLS-SEM techniques were employed to analyse the research findings. Sample-size requirements were also explained. The following chapter will discuss the results of the PLS-SEM analysis.

CHAPTER 8:

RESULTS OF PARTIAL LEAST SQUARE – STRUCTURAL EQUATION MODELLING (PLS-SEM)

8.1 Introduction

This chapter presents the results of the quantitative phase. First, the survey data was used to assess validity of the measurement, second the assessment of the structural model and third the results of the hypotheses were tested. As mentioned in Chapter 7, the ADANCO (Henseler & Dijkstra, 2015), a new software programme for PLS-SEM, which also includes path modelling, were employed to investigate the effectiveness of enriched servicescape dimensions (perceived physical, community engagement and events, social interactions and support, management support services and perceived collaborative culture dimensions) on value-in-use experiences, behavioural responses and coworking member performance.

8.2 Measurement model validation

The reliability and validity of the measurement model was tested through factor loadings, composite reliability (CR) and average variance extracted (AVE) (Hair et al., 2014; Hulland, 1999). Table 8.1 shows that all item loadings exceeded the recommended value of 0.6 (Hair et al. 1998) except for items MS1, VIU1 and PER1 which had loadings between 0.45–0.6.

However, some studies have suggested that 0.6 is not an absolute standard; a lower value such as 0.4–0.6 is acceptable when it is an exploratory research (Hair et al. 2014). One of the items of the community engagement and events construct (CSE3) was dropped as it had a loading of less than 0.40. The CR values, illustrates the degree to which construct indicators show the latent construct, surpassed the recommended value of 0.7 (Hair et al., 2006) while AVE, which reflects the overall amount of variance in the indicators accounted for by the latent construct, exceeded the recommended value of 0.5 (Hair et al., 2006).

Table 8.1 Validity and reliability of constructs

		Outer Loadings	CR	AVE
<i>Physical design</i>			0.882	0.559
PH1	The ambience in this coworking space is great	0.630		
PH2	The seating arrangement in this coworking space is comfortable	0.646		
PH3	The layout of this coworking space is spacious	0.695		
PH4	The interior design of this coworking space has aesthetic character	0.866		
PH5	The facilities and amenities in this space function well	0.902		
PH6	This coworking space maintains cleanliness	0.704		
<i>Community engagement and events</i>			0.874	0.637
CSE1	The community in this coworking space is great	0.840		
CSE2	The coworking space creates a sense of engagement among coworking members	0.890		
CSE4	There is a broad range of social events organised by the coworking space	0.784		
CSE5	There is a variety of social activities hosted by the coworking members	0.703		
<i>Social Interactions and support</i>			0.887	0.569
SIS1	Coworking members in this space are willing to help	0.827		
SIS2	Coworking members share information to others in the space	0.745		
SIS3	I would give advice to other members if asked	0.747		
SIS4	The space managers in this coworking space are very friendly	0.717		
SIS5	The space managers in this coworking space facilitate interactions between members in this coworking space	0.691		
SIS6	The space managers in this coworking space are always willing to help			
<i>Management support services</i>			0.890	0.580
MS1	This coworking space organises training/feedback sessions offered by experienced industry professionals	0.690		
MS2	This coworking space provides access to international/local mentors	0.815		
MS3	This coworking space provides access to venture capitalists	0.743		
MS4	This coworking space provides access to investor/entrepreneur networking group	0.832		
MS5	This coworking space provides access to a professional network	0.869		
MS6	This coworking space provides access to corporate partners	0.687		

		Outer Loadings	CR	AVE
<i>Collaborative culture</i>			0.793	0.590
CUL1	This coworking space is like an extended family. People share a lot of themselves	0.692		
CUL2	This coworking space emphasises high consensus, openness and participation	0.765		
CUL3	This coworking space has great social warmth	0.652		
CUL4	This coworking space encourages collaboration among the members	0.587		
<i>Value-in-use</i>			0.907	0.558
VIU1	I value the openness in exchange of ideas among the members in this coworking space	0.729		
VIU2	I value how the coworking space managers reassure me about things	0.765		
VIU3	I value the coworking space managers being warm and affectionate to me	0.777		
VIU4	I value the networking I establish in this coworking space	0.562		
VIU5	I value the superior services delivered by this coworking space	0.894		
VIU6	I value feeling positive being in this coworking space	0.843		
<i>Behavioural responses</i>			0.924	0.712
BI1	I am happy with the experience being in this coworking space	0.890		
BI2	I feel I belong to this coworking space	0.867		
BI3	I say positive things about the coworking space to other people	0.887		
BI4	I invite friends to try coworking in this coworking space	0.717		
BI5	It is likely that I am going to continue my membership during the next six months	0.843		
<i>Coworking member performance</i>			0.875	0.504
PER1	My productivity has increased working from this space	0.519		
PER2	My business has grown in sales	0.734		
PER3	My business has acquired new customers	0.774		
PER4	My business has increased profitability	0.781		
PER5	My business has become more creative	0.732		
PER6	My business has become quick in responding to opportunities	0.699		

$AVE = (\text{summation of squared factor loadings}) / (\text{summation of squared factor loadings}) + (\text{summation of error variances})$

$\text{Composite reliability} = (\text{square of the summation of the factor loadings}) / [(\text{square of the summation of the factor loadings}) + (\text{square of the summation of the error variances})]$

The AVE values (convergent validity) exceed the minimum required level of 0.5, thus demonstrating convergent validity for all constructs. The quality of the measurement model is measured by examining the AVE values. The results reflected the AVE values for all constructs as being between 0.504 and 0.712, which is greater than the recommended value of 0.5 (Fornell & Larcker 1981). The AVE value confirms the quality of the measurement model.

Before proceeding with the assessment of structural model and hypotheses testing, the issue of multicollinearity was addressed. Multicollinearity can be tested using bivariate correlations for the indicators or using the variance inflation factor (VIF) and tolerance statistics which are centred on the correlation among the predictors using a size of $1-R^2$ (j) (Cenfetelli & Bassellier 2009). A more stringent value for acceptable VIF is <3.3 (Diamantopoulos & Siguaw 2006), while a more flexible value is <10.00 (Hair et al. 1998), which indicates an absence of collinearity. All the indicators of the constructs show a VIF value are in between 1.21–5.1, indicating that the constructs are free from multicollinearity issues.

Another step taken in the assessment of the measurement model is discriminate validity. Discriminant validity indicates ‘the extent to which the measures are not a reflection of some other variables’ (Ramayah et al. 2013, p. 142). Therefore, it is indicated by low correlations between the measure of interest and the measures of other constructs. The potential problem of having measures for one construct overlap the conceptualisation of another construct is addressed through discriminant validity (Fornell & Larcker 1981).

To have acceptable discriminant validity, PLS requires that a construct should share more variance with its measures than it shares with other constructs in the model: that is, the latent construct should noticeably be closer to its measurement items than to any other construct (Barclay et al. 1995). Contrasting the loadings across the columns in the results indicates that an indicator’s loadings on its own construct are, in all cases, higher than all its cross-loadings with other constructs. Consequently, the results show that there is discriminant validity among all the constructs based on the cross-loadings criterion (Hair et al. 2013).

The square root of AVE of an individual construct should be much larger than inter-construct correlations. Diagonal components are the square root of AVE between the constructs and their measures. Correlations between constructs are depicted through the Off-diagonal components. For discriminant validity, diagonal components should be larger than off-

diagonal components in the same row and column. The results show that diagonal components are larger than off-diagonal elements in the same row and column. To conclude, the measurement model showed adequate convergent validity. Table 8.2 shows the construct level discriminant validity.

Table 8.2 Construct level discriminant validity

Constructs	PH	CE	SIS	MS	CUL	VIU	BR	PER
PH	0.559*							
CSE	0.305	0.637*						
SIS	0.180	0.218	0.569*					
MS	0.109	0.177	0.111	0.580*				
CUL	0.336	0.247	0.321	0.243	0.590*			
VIU	0.356	0.392	0.396	0.260	0.4251	0.558*		
BI	0.234	0.461	0.261	0.089	0.2263	0.542	0.712*	
PER	0.013	0.036	0.066	0.000	0.0428	0.214	0.182	0.504*

Note*: The square root of AVE of every multi-item construct is shown in the main diagonal

8.3 Structural model and assessment of hypotheses validation

After measures of the constructs have been confirmed as reliable and valid, the next step is to evaluate the structural model results, which involves inspecting the model's predictive capabilities and relationships between the variables (Hair et al. 2013). A bootstrap analysis was performed to assess the statistical significance of path coefficients after path estimates in the structural model. Then, using bootstrapping, the actual sample size is 102, and 1000 reiterations were performed to examine the statistical significance of the weights of constructs and path coefficients (Chin et al. 2008). In addition, by applying the PLS-SEM algorithm, estimates were obtained for structural model relations (path coefficients) that represent the hypothesised relations between constructs.

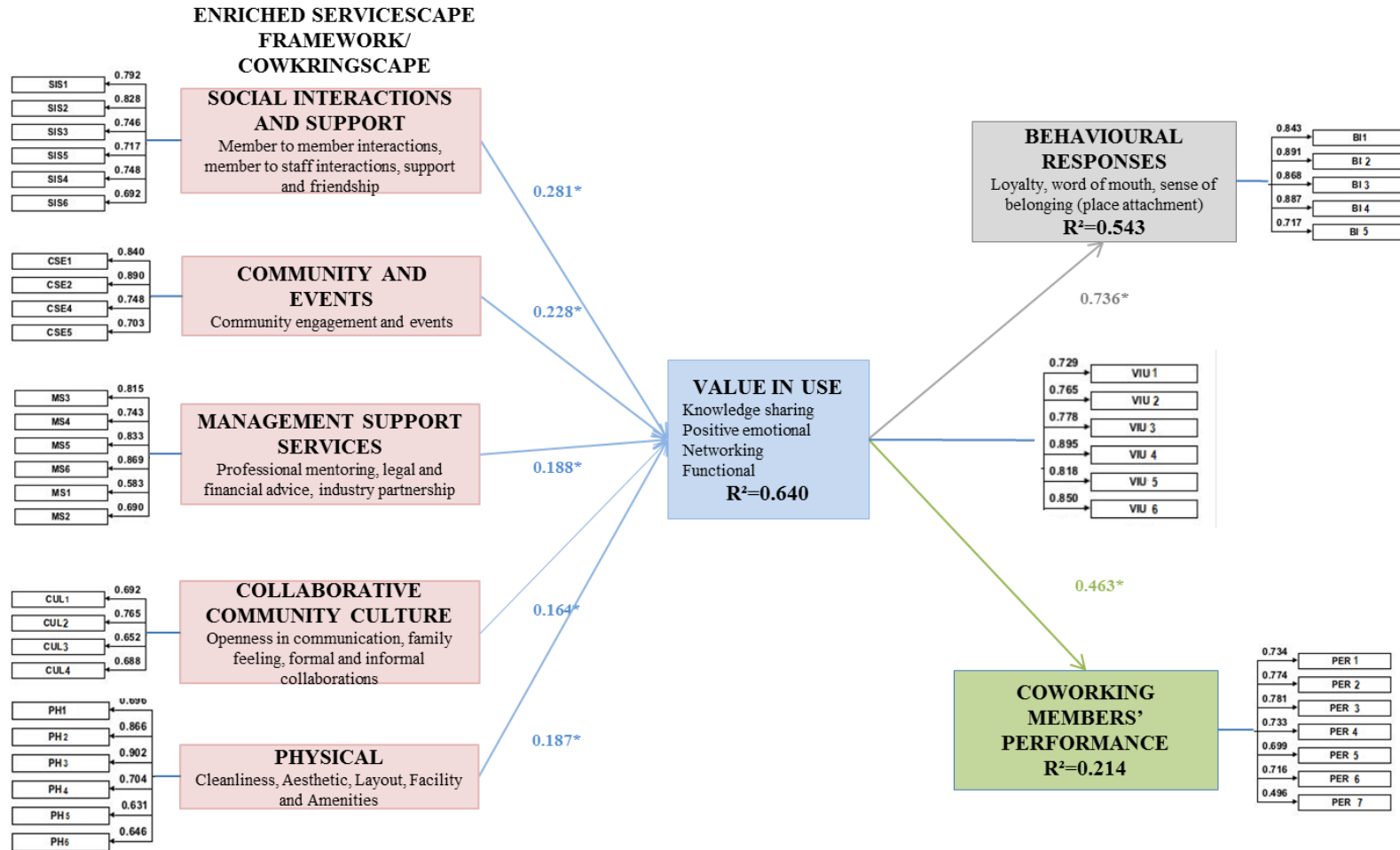
As PLS results do not produce overall GoF indices, assessing R² is the principal way to evaluate the explanatory power of the model (Wasko & Faraj, 2005). A diagnostic tool was established by Tenenhaus et al. (2005) to assess the model fit, known as the GoF index. The GoF measure uses the geometric mean of the average communality and average R² (for endogenous constructs). Hoffmann and Birnbrich (2012) testify the following recommended threshold values for evaluating the results of the GoF analysis: GoF_{small} = 0.1; GoF_{medium} =

0.25; GoFlarge = 0.36. For the model used in the present study, a GoF value of 0.522 was calculated which indicates a very good model fit. The results are shown in Table 8.3.

Table 8.3 Goodness of fit index (GoF)

	AVE	R ²
Physical design	0.559	
Social interactions and support	0.637	
Community engagement and events	0.569	
Management support service	0.580	
Collaborative culture	0.590	
Value-in-use	0.558	0.640
Behavioural responses	0.712	0.543
Coworking member performance	0.5.4	0.214
Average scores	0.588	0.465
AVE * R ²	0.273	
(GoF = $\sqrt{(AVE \times R^2)}$)	0.522	

Next, the hypothesised relations in the structural model were tested. Figure 8.1 below shows the results of the analysis. The R² in Figure 8.1 refers to the explanatory power of the predictor variables. The rule of thumb in explaining the effect, according to Chin et al. (2008), is R² values of endogenous latent constructs in the inner model being described as substantial, moderate or weak, respectively on the R² values of 0.67 0.33, or 0.19. Referring to Figure 8.1, the R² result indicates a robust model, with 64% (R² = 0.640) of the variance in value-in-use explained by the independent variables, namely physical design, community engagement and events, social interactions and support, management support services and collaborative culture. Henceforth, based on Chin's et al. (1998) criterion, the explained variance of value-in-use can be interpreted as significant. The structural model also explains the considerable amount of 54.3% (R² = 0.543) of the variation in behavioural responses, with the upper range of moderate R² values by Chin (1998). However, the explained variance of coworking member performance is 21.4% (R² = 0.214) which shows a weak variation.



Note: *significant $p < 0.05$

Figure 8.1 Structural path model

The standard criteria of the structural model were determined by two measures of f^2 . Firstly, the effect size of the structural model was assessed using Cohen's f^2 (Cohen 1992). The effect size is calculated as the increase in R^2 relative to the proportion of variance that remains unexplained in the independent/predictor variable (Peng & Lai 2012). The f^2 effect size measures the influence a selected predictor variable has on the R^2 values of an endogenous construct. The f^2 values of 0.02, 0.15 and 0.35, respectively, are regarded as small, medium and large effect sizes of the predictive variables (Cohen 1992).

Table 8.4 Assessment of f^2

Effect	Value-in-use		Effect size
	Beta	f^2	
Physical	0.187	0.055	Small
Community & events	0.228	0.085	Small
Social Interactions & support	0.281	0.138	Medium
Management Support services	0.164	0.053	Small
Collaborative culture	0.188	0.047	Small
	Behavioural responses		
Value-in-use	0.736	1.187	Large
	Performance		
	0.463	0.272	Medium

Note: β - path coefficient

Referring to Table 8.3, with respect to the relation between the exogenous constructs and value-in-use, the analysis reveals that the physical design, community engagement and events, social interactions, management support services and collaborative culture significantly and positively impact value-in-use, with a small-to-medium effect size, $f^2=0.055$, $f^2=0.085$, $f^2=0.138$, $f^2=0.053$ and $f^2=0.047$, respectively.

Regarding the relation between value-in-use, behavioural responses and coworking member performance, value-in-use shows a significant and positive relationship with large effect size on behavioural responses, with $f^2=1.87$, and medium effect size on coworking member performance, with $f^2=0.272$.

Table 8.5 shows the direct inference results evaluating the relation between the enriched servicescape dimensions as independent variables and value-in-use postulated as the mediating variable in this research.

Table 8.5 Structural coefficient: Hypotheses testing relations between enriched coworking space servicescape dimensions and value-in-use

Hypotheses	Path	β^a	Std. Error	t-value	Sig.	Decision
H1a	Physical design → value-in-use	0.187	0.106	1.752	0.041	Supported
H2a	Community engagement and events → value-in-use	0.228	0.062	3.668	0.000	Supported
H3a	Social interactions and support → value-in-use	0.281	0.075	3.707	0.000	Supported
H4a	Management support services → value-in-use	0.164	0.068	2.392	0.009	Supported
H5a	Collaborative culture → value-in-use	0.188	0.081	2.3179	0.015	Supported
	R^2	0.640				

Note:

a β : path coefficient

b t-statistics >2.58 are significant at $p < 0.01^{***}$, t-statistics >1.96 are significant at $p < 0.05^{**}$, t-statistic >1.645 are significant at the 0.10*

n.s– not significant

These results demonstrate that perceived physical design, community engagement and events, social interaction and support, management support services and collaborative culture all positively contribute to explaining the variance in value-in-use experienced. In examining the relevance of significant relations between the five exogenous constructs with value-in-use, the results show community engagement and events ($\beta=0.281$) has a relatively higher impact on value-in-use, followed by social interaction ($\beta=0.228$), collaborative culture and physical design with similar magnitudes ($\beta=0.188$ and $\beta=0.187$, respectively); and finally, management support services ($\beta=0.1649$) relatively impacts the least. This stresses the importance of considering social dimensional constructs (community engagement and events as well social interaction and support) as significantly influencing value-in-use experience; however, notwithstanding the relevance of a collaborative culture, physical design and management support services are important constructs that influencing value-in-use.

Table 8.6 presents a summary of the bootstrap results evaluating relations between enriched servicescape dimensions as independent variables and the outcome of behavioural responses as the dependent variable. Regarding the proposed relations, the result provides support for positive significant results for all hypothesised relations. For all hypotheses, the coefficient exceeds 0.1, showing medium effect, and are significant at a level of $p < 0.10$, 0.05 and 0.00. The results demonstrate that perceived physical design, community engagement and events, social interactions and support, management support services and collaborative culture all positively contribute in explaining the variance in behavioural responses.

Table 8.6 Structural coefficients. Hypotheses testing: relations between enriched coworking space servicescape dimensions with behavioural responses.

Hypotheses	Path	β^a	Std. Error	t-value	Sig.	Result
H1b	Physical design → behavioural responses	0.138	0.081	1.687	0.047	Supported
H2b	Community engagement and events → behavioural responses	0.168	0.049	3.395	0.000	Supported
H3b	Social interactions & support → behavioural responses	0.207	0.048	4.267	0.000	Supported
H4b	Management support services → behavioural responses	0.121	0.051	2.349	0.010	Supported
H5b	Collaborative culture → behavioural responses	0.139	0.062	2.228	0.014	Supported

Note:

a β : path coefficient

b t-statistics > 2.58 are significant at $p < 0.01^{***}$, t-statistics > 1.96 are significant at $p < 0.05^{**}$, t-statistic > 1.645 are significant at the 0.10^*

Examining the relevance of significant relations between the five independent variables with behavioural responses, the results show that perceived physical design, community engagement and events, social interactions and support, management support services and collaborative culture carry comparable weights in impacting behavioural responses. However, social interactions and support, and community engagement and events, have a relatively larger effect on coworking member behavioural responses, with $\beta = 0.207$ and $\beta = 0.168$, respectively.

Table 8.7 presents a summary of the bootstrap results evaluating relations between the enriched servicescape dimensions as independent variables and the outcome of coworking members' performance as the dependent variable. Regarding the proposed relations, the result provides support for a strongly positive significant result for four hypothesised relations. For all the hypotheses, the coefficient is from 0.07 to exceeding 0.1, indicating a small-to-medium effect, and are significant at levels of $p < 0.10$, 0.05 and 0.00.

Table 8.7 Structural coefficients. Hypotheses testing: relations between enriched coworking space servicescape dimensions with coworking member performance

Hypotheses	Path	β^a	Std. Error	t-value	Sig.	Result
H1c	Physical → performance	0.069n.s	0.044	1.559	0.059	Not Supported
H2c	Community and event → performance	0.074	0.034	2.142	0.016	Supported
H3c	Social interactions and support → performance	0.069	0.026	2.660	0.040	Supported
H4c	Management support services → performance	0.082	0.027	2.971	0.001	Supported
H5c	Collaborative culture → performance	0.080	0.035	2.262	0.011	Supported

Note:

a β : path coefficient

b t-statistics > 2.58 are significant at $p < 0.01^{***}$, t-statistics > 1.96 are significant at $p < 0.05^{**}$, t-statistic > 1.645 are significant at the 0.10*

n.s = not significant

These results demonstrate that perceived management support services and collaborative culture have a larger effect on coworking member performance, with $\beta = 0.0829$ and $\beta = 0.0809$, respectively. However, physical dimension shows no significance relation with coworking member performance ($p < 0.10$, $t\text{-value} = 1.5592 < 1.645$ (critical value) and $\beta = 0.069$).

As for the direct relations of value-in-use influencing behavioural responses and performance, Table 8.8 shows the result where value-in-use has a positive significant relation with behavioural responses with a coefficient of more than 0.5 ($\beta = 0.736$, $t\text{-value} = 14.778$) and with coworking member performance ($\beta = 0.463$, $t\text{-value} = 9.1531$) demonstrating a large effect, significant at a level of $p < 0.00$.

Table 8.8 Structural coefficients. Hypotheses testing: relations between value-in-use and behavioural responses and performance

Hypotheses	Path	β^a	Std. Error	t-value	Sig.	Expected Sign	Result
H7	Value-in-use \rightarrow behavioural responses	0.736	0.0499	14.7784	0.000	Positive	Support
	R^2	0.583					
H8	Value-in-use \rightarrow performance	0.463	0.0506	9.1531	0.000	Positive	Support
	R^2	0.214					

Note:

a β : path coefficient

b t-statistics > 2.58 are significant at $p < 0.01^{***}$, t-statistics > 1.96 are significant at $p < 0.05^{**}$, t-statistic > 1.645 are significant at the 0.10^*

8.4 Mediation analysis

Mediation analysis was carried out to test the mediating effect of value-in-use on coworking member behavioural response and performance using Zhao et al. (2010) guidelines. Based on Figure 8.2, the mediation model is drawn based on the effect of the independent variable (X) or (predictor construct) on a mediating variable (M) is denoted by 'a'. The effect of the mediating variable on dependent variable (Y) is denoted by 'b'. M is observed as a third variable or an intermediary/intervening variable in the relationship between (X) and (Y) (Fairchild & McQuillin 2010). Consequently, the indirect effect is a sum of (a x b). Moreover, the total effects of the independent and dependent variable's relationship are the direct effect of X on Y represented by 'c', and the indirect effect of the independent on dependent variable through the mediating variable is (a x b). Thus the total effect of the independent variables on dependent variable is denoted by 'c' = (a x b) + c. Figure 8.2 presents the diagram of mediating effects.

In total, there are nine major hypotheses in the study. Two hypotheses were evaluated for mediating effects:

- 1) The mediating effect of value-in-use between enriched servicescape dimensions and behavioural responses.
- 2) The mediating effect of value-in-use between enriched servicescape dimensions performance of coworking members.

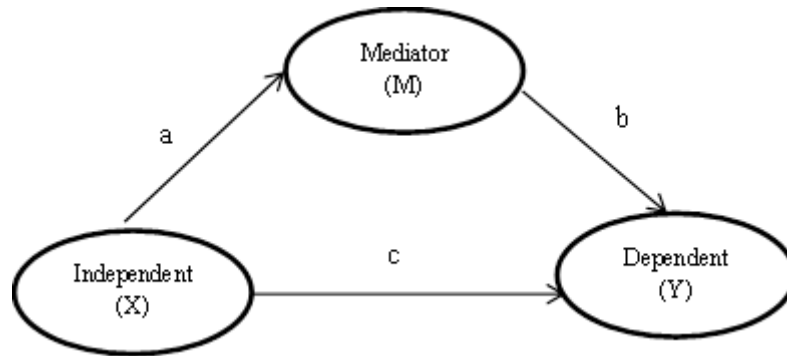


Figure 8.2 Three-variable non-recursive causal model

Note: a, b and c are path coefficients. Source: Zhao, Lynch and Chen (2010).

8.4.1 Criteria for evaluating mediating effects

In investigating the mediating effects of the value-in-use variable, the procedure recommended by Zhao et al. (2010), were performed. According to Zhao et al. (2010) the requirement needed to perform a mediation analysis is that the indirect effect of $a \times b$ is significant in a non-recursive causal model as shown in figure 8.2 surpass the limitations of Baron and Kenny's (1986) criterion to test the mediation effect. Therefore, Zhao et al. (2010) recommended that the indirect effect of ' $a \times b$ ' is sufficient to perform a mediation analysis thus disregarding the requirement for the 'X-Y' test criterion set by Baron and Kenny. As Baron and Kenny's (1986) criterion required the 'X-Y' link should be significant, before a mediator is included in the model, to test mediation. If the criteria of significant link between 'X-Y' are not met, no further investigation for the mediating effect of (M) is required.

However, there is argument on the conception that a significant effect of 'X-Y' (c) is not an essential prerequisite to test mediation and the analysis should change from emphasising on the significance of X-Y relation to testing the mediation effect as it is (for example, Rucker et al. 2011; Shrout & Bolger 2002). This argument is based on the logic that the direct effect (a

$a \times b$) is equivalent to the difference between the total and direct effect (Preacher & Hayes 2008). The misemployment of Baron and Kenny's approach in testing mediation effect is argued to impede theoretical advancement (Zhao et al. 2010).

Zhao et al. (2010) recommended researchers to take into consideration three criteria in testing mediation. Firstly, the size of an indirect effect to measure the strength of the mediation effect must be accounted for. Secondly, determine the mediation effect is has significance of an indirect effect ($a \times b$). Finally, a bootstrap test to evaluate the significance of the indirect path ($a \times b$) (Preacher & Hayes 2004) should be performed. The flowchart for determining, classifying and interpreting criteria illustrated by Zhao et al. (2010) is shown in Figure 8.3 below.

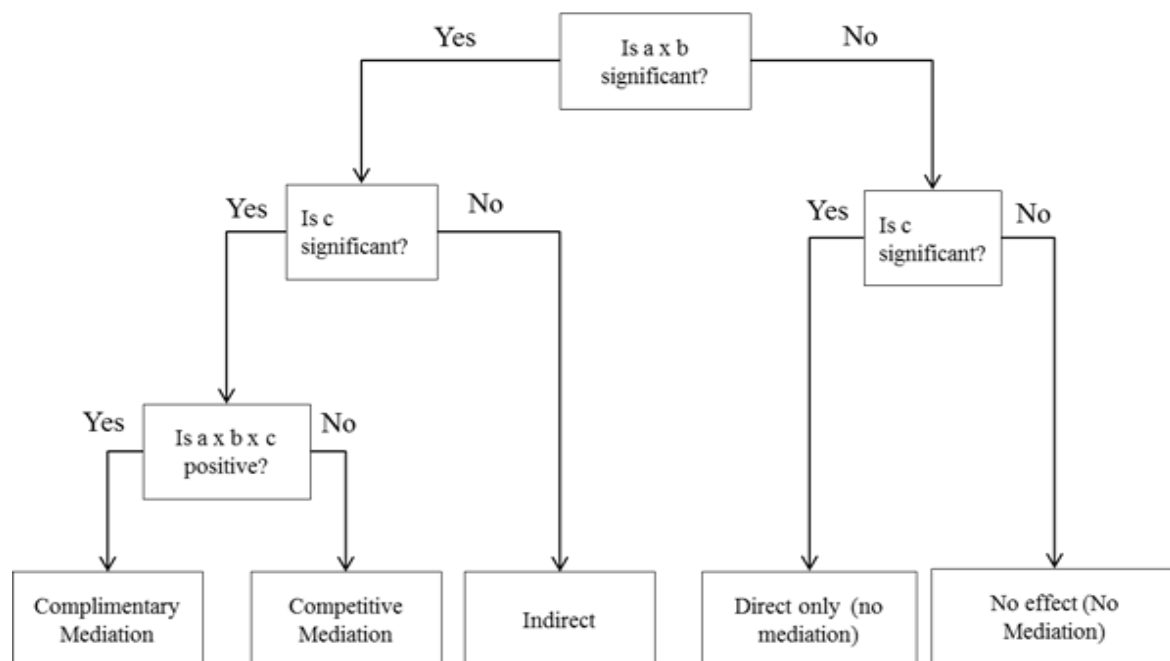


Figure 8.3 Flowchart to establish mediation analysis Source: Zhao et al. (2010)

Based on Figure 8.3, mediation analyses were conducted using the procedure illustrated. Firstly, the significance of indirect effect $a \times b$ were a to decide whether it is a mediation or non-mediation category. The result from the indirect effect, path coefficients, 'a', 'b' and 'c' and their significance were determined through the PLS result. As the result for ($a \times b$) from the path model is not provided in PLS, computation was conducted separately through an Excel spread sheet, following the suggestion of Hair et al. (2014). The results of coefficients bootstrap results were transferred tp Microsoft Excel. New column for $a \times b$ were included in the excel to calculate the indirect effect. The STDEV function in Microsoft Excel was

employed to compute the standard deviation for the indirect effects. Then, the t-value was obtained for indirect effect by dividing the indirect effect with the standard error. Once the classification of mediation or non-mediation is determined, based on the direct effect of c , it was determined whether it is significant or not. The classifications of mediation typology by Zhao et al. (2010) are used to determine the type of mediation or non-mediation as follows:

- 1) Complementary mediation emerges if indirect effect ($a \times b$) and direct effect ' c ' have significant link and have the same directions.
- 2) Competitive mediation emerges if indirect effect ($a \times b$) and direct effect ' c ' both have significant effect and have opposite directions.
- 3) Indirect-only mediation emerges if indirect effect ($a \times b$) has significant link, but no significance of ' c '.
- 4) Direct-only non-mediation emerges if direct effect c has significant link, but no significant indirect effect of ($a \times b$).
- 5) No-effect non-mediation emerges if both direct c and indirect effect ($a \times b$) has no significant link.

There are several effects for the type of mediation or non-mediation identified. For first three cases, when there is complementary, competitive and indirect-only mediation, occur, the result supports the postulated hypotheses. In both complementary and competitive mediation, the mediator is consistent as hypothesised. Then, the indirect-only mediation explains that the mediator variable is consistent as hypothesised in research model and further test for indirect effect is not necessary. The emergence of the direct effect in direct-only non-mediation explains that mediator is yet to be discovered. Lastly, the no-effect non-mediation implies no mediation effect (Zhao et al. 2010).

8.4.2 Size of Mediating Effects

The size of the indirect effect was assessed by calculating the value of variance accounted for (VAF). VAF signifies the ratio of the indirect effect to the total effect (Akter et al. 2011; Hair et al. 2014). The formula that was used to calculate VAF as recommended by Helm et al. (2010) is presented below:

$$VAF = \frac{a \times b}{(a \times b) + c}$$

Note: $a \times b$ = indirect effect, $(a \times b) + c$ = total effect

Results presented in Table 8.9 indicate that value-in-use has a complementary mediating effect (partial mediation) on the relation between the five enriched servicescape dimensions and behavioural responses. Therefore, value-in-use experiences are significant predictor of behavioural responses and performance of coworking member.

Table 8.9 Direct and indirect effects of value-in-use on behavioural responses

Path	Direct effect model			Indirect effect	Se ^d	t-stat ^e	Total effect (c')	VAF	Type of mediation
	β	Se ^b	t-stat	(axb)		(axb)/Se ^d	(axb)+c		
Physical → behavioural responses (X→Y) c	0.138*	0.081	1.687	0.138	0.040	3.409	0.276	0.500	Complementary
Community engagement and events→ behavioural responses (X →Y) c	0.1685**	0.049	3.395	0.168	0.043	3.940	0.336	0.500	Complementary
Social interactions and support → behavioural responses (X→Y) c	0.2073***	0.048	4.267	0.207	0.042	4.920	0.414	0.500	Complementary
Management support services → behavioural responses (X→Y) c	0.1215**	0.051	2.349	0.121	0.024	4.998	0.242	0.500	Complementary
Collaborative culture → behavioural responses (X→Y) c	0.1392**	0.062	2.228	0.138	0.026	5.426	0.277	0.499	Complementary
Direct effect model									
Value-in-use → behavioural responses (M→Y) or (b)	0.736***	0.106	1.752						
Physical → Value-in-use (X→M) or (a)	0.187*	0.062	3.668						
Community engagement and events → value-in-use (X→M) or (a)	0.228**	0.075	3.707						
Social interactions and support → value-in-use (X→M) or (a)	0.281**	0.068	2.392						
Management support services → value-in-use (X→M) or (a)	0.164**	0.081	2.317						
Collaborative culture → value-in-use (X→M) or (a)	0.188**	0.106	1.752						

Notes: se = standard error

Non-parametric bootstrapping procedure was performed to test the significance of the PLS path modelling results

β = path coefficient

Indirect effect of a variable X on behavioural response (Y) was calculated by multiplying the coefficient for that variable towards value-in use (X→M) and the coefficient of value-in-use towards behavioural responses (M→Y).

Total effects of a variable X on behavioural responses (Y) were calculated by summing the direct and indirect path coefficients of that variable.

* t-statistics >2.58 are significant at p<0.01***, t-statistics >.96 are significant at p<0.05**, t-statistic >1.645 are significant at the 0.10*

Table 8.9 shows there are significant impacts of perceived physical design, community engagement and events, social interactions and support, management support services, and collaborative culture dimension, on value-in-use ($X \rightarrow M$) or a) ($\beta=0.187$, $p<0.05$), ($\beta=0.228$, $p<0.05$), ($\beta=0.281$, $p<0.05$), ($\beta=0.164$, $p<0.05$), ($\beta=0.188$, $p<0.05$), respectively; and value-in-use on behavioural responses ($M \rightarrow Y$ or b) ($\beta=0.736$, $p<0.05$). In addition, the indirect effect ($a \times b$) between both paths is significant at $0.187*0.736 = 0.138$ ($t=3.409$, $p<0.05$) (physical); $0.228*0.736 = 0.168$ ($t=3.940$, $p<0.05$) (community engagement and events); $0.281*0.736 = 0.207$ ($t=4.920$, $p<0.05$) (social interaction and support); $0.167*0.736 = 0.138$ ($t=4.998$, $p<0.05$) (management support services); and $0.188*0.736 = 0.139$ ($t=5.426$, $p<0.05$) (physical design).

There is also a statistically significant path of perceived physical design, community engagement and events, social interactions and support, management support services and collaborative culture on behavioural responses ($X \rightarrow Y$ or c) ($\beta=0.138$, $p<0.05$), ($\beta=0.168$, $p<0.05$), ($\beta=0.207$, $p<0.05$), ($\beta=0.121$, $p<0.05$), and ($\beta=0.139$, $p<0.05$), respectively.

Both indirect and direct effects have positive coefficients. Hence, the value of ($a \times b \times c$) (0.019), (0.028), (0.0430), (0.014) and (0.019), respectively, is positive and a complementary mediation is established. This indicates that the effect of perceived physical facilities, community engagement and events, social interactions and support, management support services and collaborative culture dimensions partially mediates effects on behavioural responses by value-in-use. The VAF value shows that 50% of the total effect of all five independent servicescape dimensions on behavioural responses is explained by indirect effects through value-in-use. Perceived physical, community engagement and events, social interactions and support, management support services and collaborative culture dimensions impact behavioural responses directly and indirectly via value-in-use. This supports complementary mediation, whereby a larger combined effect is yielded ($\beta=0.276$), ($\beta=0.336$), ($\beta=0.414$), ($\beta=0.242$), and ($\beta=0.278$), respectively. However, perceived physical design, community engagement and events, social interactions and support, management support services and collaborative culture dimensions have stronger direct effect ($\beta=0.187$), ($\beta=0.228$), ($\beta=0.281$), ($\beta=0.164$) and ($\beta=0.188$), respectively on behavioural responses compared to the indirect effect ($\beta=0.138$), ($\beta=0.168$), ($\beta=0.207$), ($\beta=0.121$) and ($\beta=0.139$), respectively.

Complementary mediation maintains that the mediating variable (value-in-use) accounts for some, but not all relations between enriched servicescape dimensions and coworking member behavioural responses. Complementary mediation implies that there is a significant relation between value-in-use and coworking member performance, and some direct relations between the enriched servicescape dimensions and coworking member behavioural responses. Direct and indirect effects of value-in-use on coworking member performance are shown in Table 8.10

Table 8.10 Direct and indirect effects of value-in-use on coworking member performance

Path	Direct effect model		Indirect effect		Se ^d	t-stat ^e	Total effect (c')	VAF	Type of mediation
	β	Se ^b	t-stat	(axb)					
Community & events → performance (X→Y) (c)	0.074	0.034	2.142	0.105	0.024	4.456	0.180	0.586	Complementary
Social interaction and support → performance (X→Y) (c)	0.069	0.035	2.660	0.130	0.029	4.547	0.200	0.652	Complementary
Management support services → performance (X→Y) (c)	0.082	0.034	2.971	0.075	0.008	9.664	0.159	0.478	Complementary
Collaborative culture → Performance (X→Y) (c)	0.080	0.043	2.262	0.087	0.040	2.150	0.168	0.518	Complementary
Direct effect model									
Value-in-use → performance (M→Y) or (b)	0.463***	0.050	9.153						
Physical → value-in-use (X→M) or (a)	0.187*	0.062	3.668						
Community engagement and events → value-in-use (X→M) or (a)	0.228**	0.075	3.707						
Social interactions and support → value-in-use (X→M) or (a)	0.281**	0.068	2.392						
Management support services → Value-in-use (X→M) or (a)	0.164**	0.081	2.317						
collaborative culture → value-in-use (X→M) or (a)	0.188**	0.106	1.752						

Notes: se = standard error, n.s = not significant.

Non-parametric bootstrapping procedure was performed to test the significance of the PLS path modelling results

β = path coefficient.

Indirect effect of a variable X on performance of coworking member (Y) was calculated by multiplying the coefficient for that variable towards value-in use (X→M) and the coefficient of value-in-use towards performance of coworking member (M→Y).

Total effects of a variable X on performance of coworking member (Y) were calculated by summing the direct and indirect path coefficients of that variable.

* t-statistics >2.58 are significant at $p < 0.01$ ***, t-statistics >1.96 are significant at $p < 0.05$ **, t-statistic >1.645 are significant at the 0.10*

Results presented in Table 8.10 indicate that value-in-use has a complementary mediating effect (partial mediation) on relations between the five independent servicescape dimensions and coworking member performance. There are significant impacts of perceived physical design, community engagement and events, social interactions and support, management support services and collaborative culture dimensions on value-in-use ($X \rightarrow M$) or a) ($\beta=0.187$, $p<0.05$), ($\beta=0.228$, $p<0.05$), ($\beta=0.281$, $p<0.05$), ($\beta=0.164$, $p<0.05$), ($\beta=0.188$, $p<0.05$), respectively, and value-in-use on coworking member performance ($M \rightarrow Y$ or b) ($\beta=0.463$, $p<0.05$). In addition, the indirect effect (a x b) between both paths is significant, at (physical) $0.187*0.463=0.086$ ($t=4.058$, $p<0.05$); (community engagement and events) $0.228*0.463=0.106$ ($t=3.940$, $p<0.05$); (social interaction and support) $0.281*0.463=0.130$ ($t=4.456$, $p<0.05$); (management support services) $0.164*0.463=0.076$ ($t=9.664$, $p<0.05$); and (collaborative culture) $0.188*0.463=0.087$ ($t=2.150$, $p<0.05$).

There is also a statistically significant path of physical (partial effect), community engagement and events, social interactions and support, management support services and collaborative culture dimensions on coworking member performance ($X \rightarrow Y$ or c) ($\beta=0.069$, $p<0.10$) (partial), ($\beta=0.074$, $p<0.05$), ($\beta=0.069$, $p<0.05$), ($\beta=0.082$, $p<0.05$) and ($\beta=0.080$, $p<0.05$), respectively.

Both the indirect and direct effect has positive coefficients. Hence, the value of (a x b x c) (0.007), (0.011), (0.016), (0.005) and (0.007), respectively, is positive, and complementary mediation is established. This indicates that the effect of perceived physical, community engagement and events, social interactions and support, management support services and collaborative culture dimensions on behavioural responses is partially mediated by value-in-use. The VAF value shows that explained by the indirect effect via value-in-use explains more than 50% of the total effect of all five independent servicescape dimensions on coworking member performance

Perceived physical, community engagement and events, social interactions and support, management support services and collaborative culture dimensions impact behavioural responses directly and indirectly via value-in-use, supporting complementary mediation whereby a larger combined effect is yielded ($\beta=0.156$), ($\beta=0.180$), ($\beta=0.200$), ($\beta=0.159$), and ($\beta=0.168$), respectively. Complementary mediation maintains that the mediating variable (value-in-use) accounts for some, but not all, of the relations between enriched servicescape dimensions and coworking member performance. Complementary mediation implies that

there is a significant relation between value-in-use and coworking member performance and some direct relation between the enriched servicescape dimensions and coworking member performance.

Table 8.11 Summary of results for all hypothesised relations

Hypotheses	Result
H1a: Perceived physical dimensions have a significant positive relation with value-in-use experienced by coworking members in a coworking space	Supported
H1b: Perceived physical dimensions have a significant positive relation with behavioural responses of coworking space members	Supported
H1c: Perceived physical dimensions have a significant positive relation with coworking member performance	Partially Supported
H2a: The perceived community engagement and events in a coworking space has a positive relation with value-in-use experienced by coworking members	Supported
H2b: The perceived community engagement and events in a coworking space has a significant positive relation with behavioural responses of coworking space members	Supported
H2c: The perceived community engagement and events in a coworking space has a significant positive relation with coworking member performance	Supported
H3a: Perceived social interactions and support in a coworking space have a positive relation with value-in-use experienced by coworking members	Supported
H3b: Perceived social interactions and support in a coworking space have a significant positive relation with behavioural responses of coworking space members	Supported
H3c: The perceived social interactions and support in a coworking space have a significant positive relation with coworking member performance	Supported
H4a: The perceived management support services provided in a coworking space have a positive relation with value-in-use	Supported

experienced by coworking members	
H4b: The perceived management support services provided in a coworking space have a significant positive relation with coworking space member behavioural responses	Supported
H4c: The perceived management support services provided in a coworking space has a significant positive relationship with coworking members' performance	Supported
H5a: The perceived collaborative culture in a coworking space has a positive relationship with value-in-use experienced by coworking members	Supported
H5b: The perceived collaborative culture in a coworking space has a significant positive relation with coworking space member behavioural responses	Supported
H5c: The perceived collaborative culture in a coworking space has a significant positive relation with coworking member performance	Supported
H6: Value-in-use experience has a significant positive effect on behavioural responses	Supported
H7: Value-in-use experience has a significant positive relation with coworking member performance	Supported

Table 8.12 Summary of results for hypothesised mediating effect

Hypotheses	Result	Mediation Type
H8: Value-in-use experience mediates relations between enriched servicescape dimensions and behavioural responses	Supported	Complementary
H9: Value-in-use experienced mediates relations between enriched servicescape dimensions and coworking member performance	Supported	Complementary

8.5 Conclusion

This chapter presents the results of the data analysis of the finalised research model. The PLS-SEM path modelling were used to evaluate the effect of enriched servicescape dimensions (physical design, community engagement and events, social interactions and support, management support services and perceived collaborative culture) on value-in-use, behavioural responses, and performance of coworking member. The measurement model was evaluated through CFA, based on established guidelines to determine reliability and validity and demonstrated satisfactory reliability and validity. Based on the evaluation of measurement model, the structural model of enriched servicescape dimensions, value-in-use, behavioural responses and coworking member performance were analysed and confirmed. Moreover, the path coefficients were evaluated for significance of hypothesised relationships. The model was assessed for predictive relevance and mediating effects. Tables 8.11 and 8.12 present the summary of results for the hypothesised relations. The following chapter discusses the results by addressing the research questions as outlined in Chapter 1.

CHAPTER 9:

DISCUSSION, IMPLICATIONS AND CONCLUSION

9.1 Introduction

The aim of this chapter is to discuss the results of the qualitative and quantitative findings together with literature on servicescape, value-in-use and consumer behavioural responses. This is achieved through developing, complementing and expanding the findings, information and resources of the study (Greene et al. 1989). The chapter revisits the purpose of the study and its methodology, and moves on to the key research findings. The ways in which the key findings relate to the enriched servicescape framework (ESF) that contribute to the theoretical perspective are discussed together with the importance of explored value-in-use experiences. The relative and significant relations between enriched servicescape dimensions value-in-use, behavioural responses and coworking member performance are defined. The chapter concludes by establishing its original contribution to the theoretical and managerial implications of the study; its limitations, and areas for future research are discussed.

9.2 The purpose of the study

Motivated by the call for expansion and enrichment of the servicescape framework (Rosenbaum & Massiah, 2011) and the development of the coworking space business model in Australia, the study was designed to address research questions that identify and investigate servicescape dimensions perceived to be salient to coworking members. These include exploring value-in-use experiences of coworking members through their membership in the coworking space; how enriched servicescape dimensions influence value-in-use experiences in the consumption of place; and subsequently, behavioural response and performance of coworking members as outcomes. Behavioural responses are measure by coworking member loyalty, positive word-of-mouth endorsement and attachment to place. Performance outcomes included coworking member productivity, sales, new customer growth, and expanding new opportunities. The key research question the study addressed to fill a gap in the current servicescape, value-in-use and coworking space literature was: What are the coworking space servicescape elements and how do they influence value-in-use and positive behavioural responses of coworking members as the consumers of the coworking space? To address both theoretical and management implications the three Sub-Research Questions were defined, and the results of the mixed-method approach in relation to these

questions are discussed in the sections that follow. Figure 9.1 illustrates the intricate relations between all the research variables.

9.3 Methodology revisited

In answering the research questions a mixed-methods approach was used to accomplish objectives (Giddings 2006; Johnson et al. 2007; Driscoll et al. 2007). The research comprised two sequential stages. Stage one used a qualitative approach answering Sub-Research Questions 1 and 2, principally by a qualitative field study based on observations of a coworking space service environment and in-depth interviews involving 16 participants who were members or managers with data collected between October 2014 and March 2015. The data was analysed using coding and thematic analysis techniques. The qualitative phase methodology was detailed in Chapter 3. The findings from qualitative field study provided the context for Sub-Research Question 3 and related hypotheses discussed in chapter 6.

Stage two was the quantitative phase employing an online survey (Van Selm & Jankowski 2006). The survey questionnaire was developed by adopting and adapting the indicators, mainly from the qualitative findings of the enriched servicescape dimensions and value-in-use measures. Subsequently, the existing scales from the literature were adapted and modified to build survey items to measure behavioural intentions and performance. There were 102 respondents to the survey conducted between September and December 2015. The quantitative data was analysed using the IBM SPSS for reliability of variables after pilot testing (version 21) (Pallant 2010). Partial Least Square-Structured Equation Modelling (PLS-SEM) was applied for CFA and test the hypotheses, draw conclusions, and discuss the implications for the service organisations in general, and the coworking spaces industry, in particular. The quantitative phase methodology was described in Chapter 7.

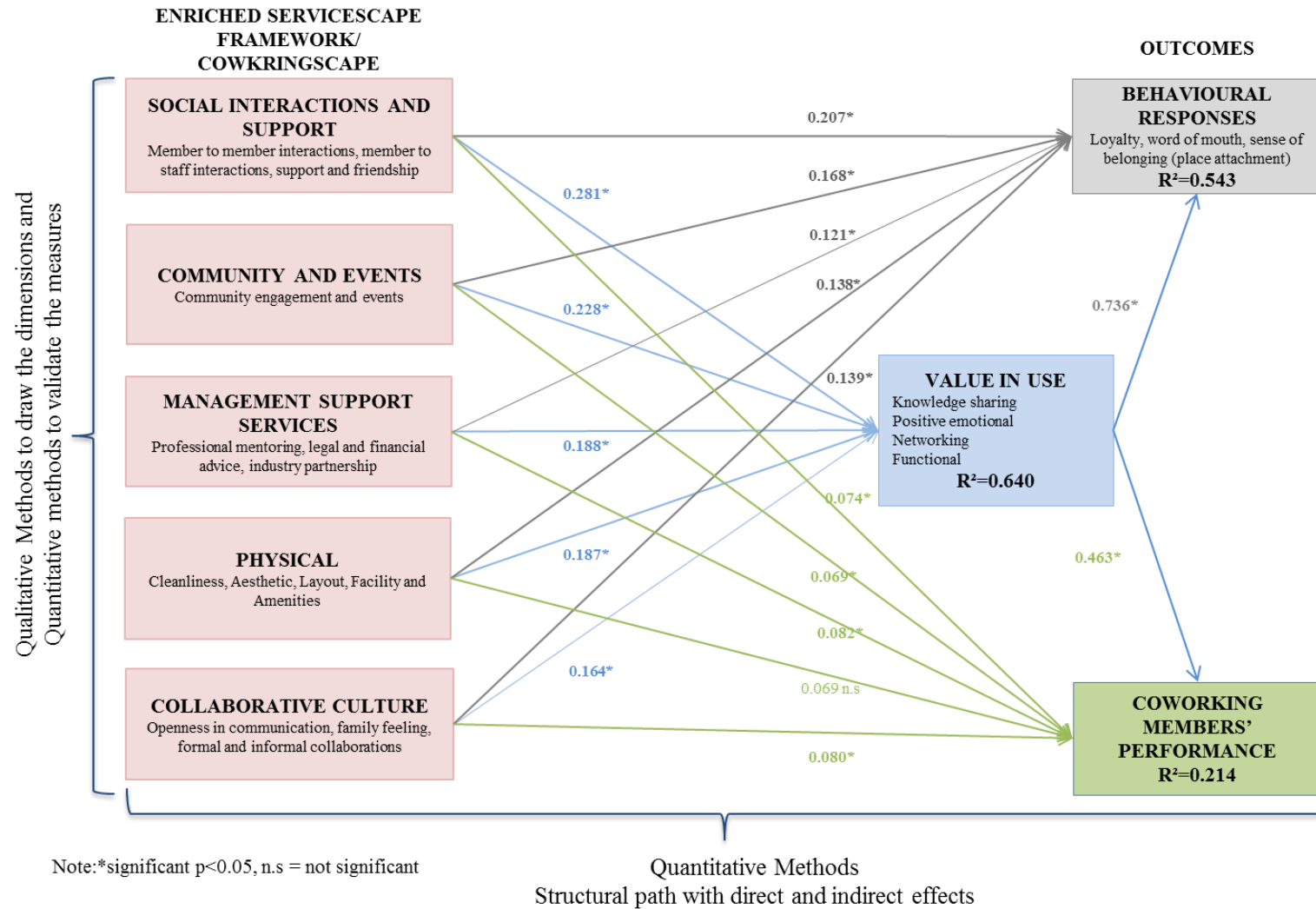


Figure 9.1 The enriched servicescape framework (ESF) and its relations with value-in-use, behavioural responses and coworking member performance

9.4 The enriched servicescape framework (ESF)

Sub-Research Question 1: What are the servicescape dimensions specific to the coworking space context?

The qualitative phase of this study explored and identified the dimensions relevant to an enriched version of the servicescape framework specific to the coworking space business context. The detailed findings were discussed in Chapter 4 as part of the sequential design of this study. However, to highlight the contribution of the first research question, the key findings are summarised in this section. The enriched servicescape dimensions developed through the first research question served as the independent variables in the research model, as illustrated in Figure 9.1 above.

Enriching the servicescape framework led to the introduction of a new term ‘Coworkingscape’, which parallels the significant work of Bitner (1992) and Tombs and McColl-Kennedy (2003) who refer to the ‘social servicescape’. The ‘coworkingscape’ extends the servicescape concept by enrichment of dimensions specific to the coworking space business setting. It is defined as the design of service ecosystem with the integration of physical design, social interaction and support, community engagement and events, management support service and the collaborative culture environment that is occupied, consumed and experienced by members within a coworking space to achieve desired objectives and goals.

The study acknowledges that the enriched servicescape elements are not always equally distinct, as there overlay between various elements. Physical design, such as the open layout, the kitchen and the coffee machine area, were found to be places where people meet and interactions begin to occur. Events organised in the coworking space also drive interactions and support which leads to collaboration among the members, contributing to a collaborative culture within the coworking space service environment. This study asserts that the different types of interactions and support form a culture and community practice within the service setting. It was found that management support services that provide access to other professional networks and services show the interactions with multiple actors of shared institutions and networks in creating customer experiences (Akaka et al. 2015). Therefore, the enriched servicescape dimensions are multiple and interdependent, and display a dynamic structure of interactions within the service ecosystem (Vargo & Lusch 2010; Edvardsson et

al. 2012). The ESF is found to reflect a systematic integration of resources, with the quantitative findings showing the dimensions tested through structural equation modelling contributed to 64% ($R^2=0.640$) of coworking member value-in-use experiences. The qualitative findings and the evidence from the quantitative findings are consistent with the service ecosystem perspective which emphasises the interactions of multiple actors and stakeholders through the integration of the operand (physical design) and operant (social interactions and support, management support services and collaborative culture) resources in influencing consumer experiences contextualised to the coworking space. The key findings of the ESF are discussed further as follows.

Social interaction and support, and community engagement and events contributed to development of the ESF. The study found that coworking member-to-member interaction and member-to-manager interaction is an essential part of the coworking space environment they inhabit. In this study, social interaction was defined as an environment perceived to promote interactions of any form, from brief conversations and informal chats, to formal discussion that cultivates social support experienced through friendship and support from the like-minded people within the coworking space. Table 9.1 shows the social interaction and support elements salient to coworking members based on the factor loading of the indicators.

Table 9.1 Elements of social interaction and support

Social Interaction and support	Factor Loadings
Coworking members share information with others in the space	0.827
Coworking members are willing to help	0.791
The space managers are very friendly	0.747
Members feel comfortable giving advice to other members if asked	0.745
The space managers facilitate interactions between members	0.717
The space managers are always willing to help	0.691

Empirical findings from this research confirmed the importance of customer-to-customer and customer-to-staff interactions in influencing consumer experiences in a servicescape environment (Tombs & McColl-Kennedy 2003, Rosenbaum & Massiah 2011). However, an important enrichment to the social interaction and support dimension, discovered through interviews and observations sessions is the aspect of the space managers facilitating

interactions between members. The initiative of the coworking managers to connect one member to another for various reasons is perceived to be an important part of the coworking space. For example, if the coworking manager knows one of the coworking members is new to the space and the manager takes the initiative to introduce the member to another member this exemplifies the facilitation of interaction. Coworking members found this facilitation of great importance in creating networks or support they receive from coworking space managers. The observational findings show that for facilitation to occur, managers were well versed about the members in the space, which allowed them to connect one member with others, for example, based on their field of business or expertise.

Coworking members also expressed the importance of an environment that allows engagement within the coworking space community and events that bring the community together. Therefore, the 'community engagement and events' of the ESF is defined as the opportunity to engage with the community and events organised either by the coworking space management or members. Inclusion of the community engagement and event in the ESF reflects the coworking space to portray a commercial third-place nature that promotes connectedness with community (Rosenbaum 2008; Glover & Parry 2009). Third place domain specific studies reveal that customers often patronise certain establishments because they can engage with other consumers and receive the supporting resources (Rosenbaum et al. 2007; Rosenbaum 2008). For example, in a coworking space, members mentioned that they get to know other coworking members and the coworking community by participating in the co-hosted events in the coworking space. This concept can be applied in the marketplace revealing the need for consumers to feel part of a community that drives their consumption experience (McGrath et al. 1993).

Another critical environment salient to coworking members was business support services provided by management. This service environment was perceived relevant to most coworking members, who are freelancers, start-ups, small business managers or aspiring entrepreneurs. This service aspect proved very specific to coworking spaces that focus on supporting and accelerating the business growth of their members. The perceived management support services dimensions are listed in Table 9.2.

Table 9.2 Elements of management support services

Management Support Services	Factor Loadings
Access to corporate partners	0.869
Access to a professional network	0.832
Access to venture capitalists	0.815
Access to an entrepreneur networking group	0.743
Access to international/local mentors	0.690
Access to training/feedback sessions offered by experienced industry professionals	0.582

Findings from interviews reveal that every member and manager at some point spoke proudly about the collaborative culture of the space. Through the observational study and shared experiences of coworking members, the positive attributes constantly repeated were ‘openness’, ‘community’, ‘communication’, ‘collaboration’ and ‘creativity’. Members and managers emphasised that a sense of being part of a collaborative culture provided a sense of belonging. Members expressed that they benefited from each other by being in a space with collaborative culture. This study found a strong element of reciprocity with value given and received across the community. Therefore, the collaborative culture was found to be a salient servicescape feature was included in the ESF.

In terms of the physical design as an operand resource of the ESF, it is important for the coworking space to ensure it has all the relevant facilities including printers, wi-fi, projectors and other technical support for coworking members to perform daily business activities. In addition, having an aesthetic character different from a traditional corporate environment is also attractive to the space and appreciated by coworking members. Another important finding is that, when it comes to seating arrangements, the chairs in the space are an important factor as members spend substantial amounts of time in the space. In summary, based on the qualitative data and factor loadings of the indicators from quantitative results show the salient physical design of the coworking space was perceived to include the elements in Table 9.3.

Table 9.3 Elements of physical design

Physical Design	Factor Loadings
The facilities and amenities function well	0.902
The interior design has an aesthetic character	0.866
The coworking space maintains cleanliness	0.704
The layout is spacious	0.695
The seating arrangements are comfortable	0.646
The ambience is attractive	0.630

9.5 Insights on value-in-use

Sub-Research Question 2: What is the value-in-use experienced by coworking members being in a coworking space?

The study relied on qualitative exploration as an important mechanism to identify value-in-use experiences. The emerged experiences were then used as indicators of value-in-use for the quantitative phase. The detailed findings of value-in-use experiences were discussed in Chapter 5.

This study concluded value-in-use as the summation of benefits and appreciative judgements coworking members have while occupying and interacting with the ESF of the coworking space. Thus, value-in-use experiences comprise more than just the needs of the consumer. The qualitative finding that revealed multiple value in use experiences (positive emotional value, knowledge sharing value, networking value and functional value) of coworking members confirms the definition of Sandström et al. regarding value-in-use (2008, p. 120) as:

Value-in-use is the evaluation of the service experience, i.e. the individual judgement of the sum of all the functional and emotional experiences outcomes. Value cannot be predefined by the service provider, but defined by the user of a service during the user consumption.

Value-in-use experiences were captured through four themes. The conclusion of each value-in use theme was used to build indicators of value-in-use in the quantitative phase of this study measured as a construct with reflective indicators. The indicator and measurements

items were developed from the qualitative research phase, taking account the experiential context assessed for impact in the quantitative phase of this study. The multiple value in use experiences of coworking members are presented in Table 9.4.

Table 9.4 Perceived elements of value-in-use experiences

Value-in use experiences	Factor Loadings
I value the openness in exchange of ideas among the members in this coworking space	0.869
I value how the coworking space managers reassure me about things	0.832
I value the coworking space managers being warm and affectionate to me	0.815
I value the networking I establish in this coworking space	0.743
I value the superior services delivered by this coworking space	0.690
I value feeling positive being in this coworking space	0.582

In this study, value-in-use experiences (for example, positive emotional experiences, knowledge sharing, networking and functional) are very specific to the coworking members in the coworking setting. The specific aspect of value-in-use experience derived from the qualitative findings reinforces the claim of Vargo et al. (2008) that value-in-use is context specific. Therefore, it is concluded that value-in-use experiences are dynamic and will be constructed specifically for each service setting by the consumer. For example, in this study on coworking spaces, value-in-use comprised multiple appreciative judgements. The appreciative judgement could be different for those expected to define the value-in-use experience of staying at a hotel. Just as a hotel is built to create a comfortable and relaxing environment, the coworking space has an open layout concept, social design and management support services offerings to facilitate the coworking experiences. The contextual exploration of value-in-use experience in this study supports the service ecosystem lens that suggest the consumer experiences in a service setting is a result of systematic resources integration where multiple actors and resources are involved (Chandler and Lusch 2014).

The study showed that the value-in-use experienced by coworking members assists them to engage and embrace collaboration and generous sentiments towards other members. Value-in-use received through the sharing of knowledge, and social and emotional support was

perceived as accepting reciprocity between consumers, which formed a cooperative element within the consumption process.

9.5.1 The effects of value-in-use on coworking member behavioural responses and performance

This section explains the empirical results of hypotheses testing concerning the relations between value-in-use experience, coworking member behavioural responses and performance.

The quantitative findings showed that value-in-use experiences influenced coworking member behavioural responses ($\beta=0.736$, $t=14.778$). This means when coworking members have positive emotional experiences, share knowledge with others in the coworking space, and experience the coworking space to functionally enhance performance and network with others, they will have sense of belonging, attachment and will say positive things about the space to others. Therefore, this study emphasises the importance in understanding and facilitating value-in-use experience as it impacts the consumers' sense of belonging, loyalty, attachment and spreading positive word-of-mouth endorsement. This finding supports the claim of Proshansky et al. (1993) that people tend to form place attachment when there is the interaction of emotion, knowledge, belief and behaviour based on the certain orientation of place. The positive significant relation between value-in-use and behavioural responses shows that when there is increase in the value-in-use experiences it will increase loyalty, sense of belonging, place attachment and spreading of positive word-of-mouth endorsement of the coworking space. Coworking members expressing loyalty and having sense of belonging to the coworking space will return value to the coworking space because it is a form of customer retention. It can be concluded that managing the servicescape dimensions to drive value-in-use experienced by members will, in turn, bring high value to the coworking space by positive behavioural responses of the members.

Value-in-use experience (positive emotional experiences, opportunity to share knowledge and functionality of the space and networking) was found to have positive relation with performance of coworking members ($\beta=0.463$, $t=9.1531$). This means the beneficial experiences coworking members have in the coworking space supports the growth of start-ups, freelancers, small business owners and knowledge workers operating from the coworking space. Nevertheless, it is important to note that these value-in-use experiences are driven by the coworking members' integration with the ESF. Macdonald et al. (2011) defines

value-in-use as consumer's purpose and goals achieved through service. In this present study, value-in-use also positively influences outcomes or objectives of members consuming the space by improved business performance. Thus, the significant effects of ESF on value-in-use and the subsequent effects on behavioural responses and performance of coworking members reinforces that value-in-use experiences relates positively to customers achieving their purpose, outcomes and objectives through the service (Macdonald et al. 2011). Therefore, it is suggested that value-in-use is an outcome measure which integrates the physical, social, and cultural resources of service organisations since these are perceived collectively and potentially explicitly by the coworking member (Heinonen 2009; Sandström et al. 2008).

9.6 Effectiveness of an enriched servicescape framework (ESF)

This phrase is used to title this thesis, and answers the Sub-Research Question 3 of the study. It refers to the version of an enriched servicescape framework developed for this study specific to coworking space service settings.

Research Question 3: What are the relative effects of the enriched servicescape dimensions on value-in-use experience, behavioural responses and the performance of coworking space members?

The effect of ESF was assessed on value-in-use experiences, behavioural responses and coworking member performance. From the quantitative analysis, the ESF explained 64% ($R^2=0.640$) of variance in coworking member value-in-use experiences, 54% ($R^2= 0.543$) of variance in behavioural responses and 21% ($R^2=0.214$) of variance in performance of coworking members. The findings of this study revealed that the 'social interactions and support', 'community engagement and event', and 'collaborative culture' of ESF have a relatively higher influence on value-in-use experiences and behavioural responses. Furthermore, 'management support services', 'collaborative culture' and 'community engagement and events' has relatively higher impact on performance of the coworking members.

As noted, Figure 9.1 illustrates the entire model with direct and indirect relationships among all the variables. The influence of enriched servicescape dimensions on value-in-use, behavioural responses and coworking member performance and the novelty of findings will now be discussed.

9.6.1 The influence of social interactions and support on value-in-use, behavioural responses and coworking member performance

Referring to Figure 9.1, social interaction and support has significant positive influence on value-in use experience ($\beta=0.281$, $t=1752$), behavioural response ($\beta=0.207$, $t=4.267$) and performance of coworking members ($\beta=0.069$, $t=2.66$). Social interactions in this study were measured by member-to-member interactions, member-to-employee interactions, social support and the facilitation of interaction by managers in the coworking space. Interactions of coworking members with other members in the space and with coworking managers, confirms the importance of CCI in the social servicescape in influencing consumer experiences (Tombs & McColl-Kennedy 2003; Moore et al. 2005). Observations and interviews from the qualitative stage revealed that one of the reasons coworking members decide to work from a coworking space is to have social connectedness and social support from those who are like-minded or share the same interest. The uniqueness of the coworking space is reflected by the fact that coworking members regularly, meet, greet and connect formally and informally with others. They perceive themselves to be in a happily anticipated form of social gathering while working from the space.

The study highlights the crucial role of the coworking space host and managers in co-creating an environment that gives social support for members. That coworking member perceptions of managers willing to help and be friendly contributed positively to the value-in-use experience is consistent with existing literature in service marketing which acknowledges the reliance of customer for support from the employees in the service setting (Rosenbaum 2006; Wilson et al. 2012, Price & Arnould 1999). Coworking managers and hosts develop friendships and give support to coworking members. Social support is provided in the form of giving advice, willingness to listen and being empathetic to the needs of coworking members. The social supports element of this study showed synergies with the type of social support given by hairstylists, family doctors, bartenders and baristas. These social support roles often represent ‘natural neighbours or informal caregivers’ for their customers (Cowen 1982, p. 386). This point is also emphasised by Goodwin and Gremler (1996).

This study shows the meaningful interactions have an influence on positive emotional value-in-use experiences. Since many coworking members are working on specific projects within the same space, they value the freedom to exchange ideas, receive support, warmth, and affection from other members, and feel positive about sharing the space with others. The

study showed that the collection of people with like-minds is seen to transform the coworking space into a free marketplace of ideas and resources. Coworking members may present themselves as highly interested in engagement and having a sense of common purpose, as well achieving their business goals while working together under the same roof.

The findings of the study regarding social support is consistent with the results of contemporary research in marketing which underline the role of frontline employees in relating to customers on a personal and emotional level (Rosenbaum 2006; Zeithmal, Bitner & Gremler 2006). Through the qualitative observation of the coworking spaces, it was found managers appeared to know their coworking members well. More specifically, it was observed that space managers and hosts took great interest in knowing, interacting and connecting with their members. This study provides evidence that consumers evaluate their social relationship with focal employees and that this is perceived as a relational benefit (Rosenbaum 2006).

Zomerdijk and Voss (2010) query whether this evocative relationship can be managed or is a by-product of a natural relationship. However, findings from this research contribute to a clearer understanding of the importance and impact of social interactions and relationships as the conscious effort of coworking managers with their members. Coworking members expressed the importance of leadership qualities of the coworking managers, such as kindness, benevolence and being concerned with the inclusive growth of the members. The interview data suggested that these qualities of the coworking manager drive the dynamics of interactions and connection among coworking members. These included nurturing and encouraging engagement in social activities and forging networks that benefit coworking members and thereby contribute to value-in-use experiences. This finding supports the view that consumer social relationships with focal employees affects both their perceptions of overall firm quality (Baker et al. 1992) and their behavioural responses in terms of future patronage and word-of-mouth endorsement (Gremler et al. 2001; Hennig-Thurau et al. 2002). Therefore, this finding of the study supports the contention that employees should be considered as a pivotal part of the environmental stimuli that influence customer experience and behavioural responses (Tombs & McColl-Kennedy 2003; Rosenbaum & Massiah 2011).

Member-to-member interactions reflect the socially interactive experience perceived by coworking members. It is evident that social interactions and support received from other members sharing the same coworking place influences the value-in-use experienced by a

coworking member. This finding contributes to social servicescape studies that emphasise customer-to-customer relationships (Grove & Fisk, 1997; Martin & Pranter, 1989) and CCI (Moore et al. 2005; Tombs & McColl-Kennedy 2003). The effect of member-to-member interactions as part of the social interaction and support environment influencing value-in-use experience also supports the concept of co-creation as ‘collaborative, customer-specific value creation’ (Vargo 2008, p. 211). Coworking member-to-member interactions in the form of sharing information, ideas, knowledge, skills, casual chats or simply sharing news of their wellbeing allows consumers to obtain social support (Rosenbaum 2008); this eventually drives a consumer’s sense of belonging and loyalty to a service establishment. These findings are consistent with Rosenbaum’s (2008) on commercial third-place research, where consumer often patronise third spaces to obtain social supportive resources from other customers. The findings emphasise extending a business relationship to exploring friendship beyond the client-provider relationship and investigating how customers provide support each other in a shared setting (Rosenbaum et al. 2007). Furthermore, social interactions among the coworking members may well fulfil deeper psychological needs of coworking members and positive CCI enhances customer value and service experiences.

The social interaction and support dimension has an influence on behavioural responses reflected by loyalty, word-of-mouth endorsement and place commitment. Coworking members engage in the sociable and diverse background of a social demographic. The social environment positively enhances their perceived involvement in the setting and promotes long-term patronage and loyalty (McGinnis et al. 2008). This finding is relevant to research showing the ‘communitas’ aspects of service environment (Turner 1992). The communitas experience is formed by social interactions through the interactive relationship between the servicescape and its consumers, which tends to facilitate specific interpersonal and intergroup interactions (Aubert-Gamet & Cova 1997). Therefore, coworking space service providers should consider their clientele as a part of a servicescape driving customer experience. The finding further supports Low and Altman (1992) regarding the importance of social relationships built within place and should not be ignored since they may drive the bonding of people and place. Low and Altman (1992) consider social relationships of interaction, interpersonal communication, community and cultural context are more important in experiencing place. Marcus (1992) also emphasises that social connection with family, friends, community and culture is equal if not more important than the place itself.

This study revealed a positive correlation of social interactions and support among members and coworking managers on coworking member business performance. Peer sharing, support, and encouragement received from internal social interactions has an impact on the performance of the members in the coworking space. This finding is consistent with the concept of social support influencing performance among tennis players (Rees & Hardy 2004). The peer environment among coworking members is enhanced through collaboration within which coworking members interact formally and/or informally, share resources, experience knowledge, opportunities and provide advice on the challenges and success stories. This appears to lead to a reduction in isolation. These findings are consistent with studies on incubated firms where the networking among the incubated firms able to generate entrepreneurial performance (Bøllingtoft & Uhløi 2005; Abduh et al. 2007). The findings of this study are also consistent with Gentry and Goodwin (1995) who suggests that social support is well received when experienced from multiple sources. In the present study, these sources include the coworking space provider and a diverse range of people in similar circumstances who share similar experiences while sharing the same perspective of place.

9.6.2 The influence of collaborative culture on value-in-use, behavioural responses and coworking member performance

One of the novel aspects of the enriched servicescape developed from this study is the perception of how a collaborative culture functions in the organisational structure of a service environment that consumers considers salient and affects consumption experiences.

The findings from quantitative analysis shows that the perceived collaborative culture has positive influence on value-in-use experiences ($\beta=0.188$, $t=2.317$), behavioural responses ($\beta=0.281$, $t=1.752$), and coworking member performance ($\beta=0.080$, $t=2.262$). The findings suggested that diffusion of the culture within a service organisation comprises a dynamic environment with actors (coworking space members and manager/hosts) who co-create and co-produce sociocultural experiences (Arnould & Thompson 2005). The evidence from the qualitative findings suggests this culture is a perceptible aspect of the coworking space and work setting. Coworking members and managers repeatedly mentioned attributes of community and collaborative culture as a salient feature of the coworking space service environment.

A ‘collaborative culture’ is therefore perceived to be a salient servicescape dimension of the coworking space and, therefore, the metrics developed in Chapter 7 of this study were

intended to measure this dimension. An 'organisation culture' was found to be a neglected or even unexplored servicescape dimension. To explore the significance of the relations between the perceived collaborative culture, value-in-use and behavioural responses, the relevant literature of organisational culture, identification and consumer behaviour, was examined. In relating organisational culture to customer evaluation of product or service capability, Lukas et al. (2013) emphasise that an organisation's culture impacts consumer perceptions and decisions concerning desired product/service capabilities. This implies that the perception of the effectiveness of a coworking space to bring about desired outcomes for a coworking member has congruency with their perception on the organisational culture of the coworking space. This is evident in the results of the current study that showed the perceived collaborative culture of the coworking space has positive influence on value-in-use experiences, behavioural responses and coworking member performance.

Deshpandé and Webster define an organisational culture as 'the pattern of shared values and beliefs that help individuals understand the organisational functioning and thus provide them with the norms for behaviour in the organisation' (1989, p. 4). From the managerial perspective, organisations frequently endeavour to promote and sustain basic norms/values because they can achieve desired organisational behaviour (Homburg & Pflesser 2000). Consistent with these findings, this study revealed that coworking space managers and hosts play a critical role in developing, embedding and promoting a collaborative culture within the space to facilitate coworking member productivity. These perceived shared values of the coworking space allowed members to identify, confirm and associate with the culture, which influence their value-in-use experiences of the space, and was confirmed by empirical evidence from this study.

Even though members do not always collaborate in a formal business relationship with others in the space, sensing and perceiving the coworking space to be a 'collaborative culture' as any form of bilateral sharing, even in the most non-formal and open way, is significant to coworking member experience. The observation and interviews of the study clarified that collaboration is not perceived as a formal context in the coworking space, but the informal ways coworking members connect personally to share skills and ideas and work on small projects together to support each other to achieve business outcomes. For example, being able to tap on someone's shoulder for help in web design or sharing expertise to cowork on a project is perceived as a collaborative environment. Members perceive that openness of

communication, sharing of information and motivation to help each other within the space as a collaborative culture drives value-in-use experience. Often, members merely felt that even if they have not shared or collaborated with anyone significantly and yet perceive that being among people embracing a collaborative culture is highly valuable. Furthermore, the perceived collaborative culture has significant and positive impact on performance measured by productivity, sales, creativity and business growth of coworking members. Thus, this study found that it is imperative for coworking space providers and managers to cultivating their organisational culture within the space by driving organisational outcomes for members.

The identification of a collaborative culture is related to the norms and shared beliefs of the coworking space management regarding the collaboration and community aspect of the coworking business concept. However, as small business owners or managers and start-up companies, coworking members or teams still have diverse organisational cultures unique to their own business. Irrespective of this diversity, these businesses come together and work under the same roof as they embrace, adapt and contribute to the community and collaborative culture of the coworking space. Therefore, the culture of being like an extended family, open, friendly and participative, enhances the value-in-use experienced by members. This, in turn, gives them autonomy and freedom in running their own businesses and accomplishing their goals. Being in the coworking space and working and collaborating with others, facilitates business performance.

The sense of community that enhances a sense of belonging is the central success factor of a coworking space (Jones et al. 2009). The evidence of perceived collaborative culture influencing behavioural responses (sense of belonging, loyalty, word-of-mouth) towards the coworking space suggests that, for a coworking space to influence the coworking members' a sense of belonging, embedding the collaborative culture is necessary. The qualitative findings that the collaborative culture is embraced and lived by the coworking member shows those consumers cognitively and specifically shape meaning to reflect their own sociocultural situations (Arnould & Thompson 2005; Thorelli et al. 2012). The qualitative finding reveals the perceived collaborative culture as the social environment with shared values intends to foster communication and collaboration within the community. Trust, openness towards a new and diverse community of people, and willingness to share ideas and interest in spending time together, are values shared in these spaces.

The label ‘collaborative culture’ signifies the dynamics of coworking members as they connect and share with other members of the community in formal and informal ways for mutual benefit. The findings show coworking member perceptions of and identification with the collaborative culture determines the benefit they acquire from being in the space through value-in-use experiences. This study also emphasises that the connections people have with the organisational culture enhances the relations developed between people and place, which motivates loyalty and a sense of belonging. The evidence of perceived collaborative culture influencing value-in-use experiences and positive behavioural responses reinforces Low and Altman’s (1992) conception that ‘place attachment is the symbolic relationship formed by people giving culturally shared emotional/affective meanings to a particular space or piece of land that provide the basis for the individual’s and group’s understanding of and relation to the environment’ (1992, p. 165).

9.6.3 The influence of community engagement and events on value-in-use, behavioural responses and coworking member performance

In the qualitative phase of the study, the research introduced the concept of ‘community engagement and events’ as an enriching dimension to the servicescape. This salient construct has a significant and substantial influence on value-in-use. Mike, Co-founder of tech start-up, CS2 in this study reported that:

It's about the people. I think too many people think it's about the space, about the facilities, how fast is the internet. Is the printer free? How do we book meeting rooms? For me, being in a coworking space is all about the community and the people. I'm sure everything you see in there will be about the people. For me, the best coworking space is how great the community is managed.

The quantitative findings show that community engagement and events has a positive and significant influence on value-in-use ($\beta=0.228$, $t=3.668$), behavioural responses ($\beta=0.168$, $t=3.395$), and coworking member performance ($\beta=0.074$, $t=2.142$). The ‘community engagement and events’ feature of the coworking space is observed to have characteristics similar to ‘third places’ a term coined by Oldenburg (1999) to denote ‘public places that host the regular, voluntary, informal and happily anticipated gathering of individuals beyond the realms of home and work’. The community engagement and events dimension of the

enriched servicescape matches the third place criteria of space being able to gather people where they can speak openly and mingle with others in the community (Oldenburg 1999).

For many coworking members, the perceived community engagement and events element in this study is considered to serve as a third place, especially during the social and professional events. The effect of coworking members perceiving to be in a community and engaging in events organised within the coworking space has a high impact on value-in-use experiences. The 'community engagement and events' construct developed in this study also contributes to the concept of task-oriented customer engagement in a group service encounter (Finsterwalder & Kuppelwieser 2011). The perception being able to participate in events hosted by coworking managers or to organise an event for other members in the coworking space reflects the customer engagement behaviour (Jaakkola & Alexander 2014). Subsequently, coworking member involvement and engagement in the community reflects the social and economic exchange experienced by consumers that relate to the recent supposition of Vargo and Lusch who frame this exchange in terms of 'social and economic actors as resource integrators' (2008 p. 7).

Coworking members engaging in the coworking community and events also reflects the involvement of customers in a simultaneous multi-consumer service experience (Finsterwalder & Kuppelwieser 2011). These findings are also consistent with the few extant scholarly articles that recognise the fact that several customers might be participating in the service experience and delivery process simultaneously (Goodwin 1996; Gouthier & Schmid 2003). Gouthier and Schmid argue that 'activities carried out by the customer have to be combined with activities carried out by the service firm and by third actors (for instance by other customers)' (2003, p. 123). This observation is evident in the interview response by participant Larisa in the present study of CS1:

There are certain gatherings that can bring in an entirely different connection and energy to the ballroom. There was this Christmas party we had, many involved and a lot of effort was put into it, it was great. The word 'cowork' comes, a lot of planning was done by the coworking managers, but the involvement of the coworking members in doing and cooperating makes the event enjoyable, we co-create everything together here; you know I value such engagements and arrangements. I enjoy being part of such events and I talk about these interesting things that go on the space to others.

Larisa's expression of being part of the events organised in the space and talking about them to others demonstrates customer engagement behaviour and positive behavioural response of willingly spreading positive word-of-mouth endorsement about the space. This finding is also supported by social connectedness theory which explains the effect of reoccurring shared events as 'interaction rituals' (Olitsky 2007) that enhance a social bond over time and may translate into bonding towards the place that forms a sense of belonging. The aspect of value-in-use experiences being influenced by the perceived community engagement and events in the coworking space correlates positively with behavioural responses (loyalty, place attachment, and word-of-mouth endorsement) and corresponds to the phenomenon of place attachment (Brown and Perkins 1992). The positive relationship between perceived community engagement and events and behavioural response is in line with the findings of Brown and Perkins (1992, p. 284) 'place attachment involves positively experienced bonds, sometimes occurring without awareness, that are developed over time from the behavioural, affective, and cognitive ties between individuals and /or groups and their socio-physical environment.'

Events organised in coworking spaces are designed to bring the members together to listen to a talk, share ideas, give feedback or just simply to share some fun together. The awareness of coworking members coming into a community and taking part in the activities organised within the space indicates a member collectively participating in the consumption experience. This study, therefore, introduces community engagement and event participation as an important construct to build social dynamics in a service setting that enhances value-in-use experience and eventually impact consumer behavioural responses (Vargo & Lusch 2011). These perceptions of self and others engaging in the consumption process eventually influences the value-in-use experience in the form of knowledge, sharing value, positive experiences (emotional), the functionality of the space and networking benefits.

The experience of community engagement and events also indirectly contributes to the performance of coworking members in the space. Being part of a positive community and engaging in events within the space affects coworking member business performance. This leads to a discussion on the importance of designing the community and its events around the members that in turn will impact performance of coworking member. For example, it was found from observations of CS2 that there are specific and frequent events in the form of a 'talk' or 'question and answer session' by a notable leader from a tech-based industry.

These events attracted 20-60 people and focused on topics relevant to tech start-ups and technology entrepreneurs. Therefore, space managers appeared to explicitly propose added value for the members attending. The findings also suggest that coworking space managers organise these events to have an impact on coworking member performance. Professional events held in the spaces also bring members together and seen as an avenue for learning and sharing of knowledge and information. A greater variety in event format, topics, both formal and informal, is regarded broadly as an opportunity to connect with others. The ‘community engagement and events’ dimension therefore reflects the relationship between customer, firm and other beneficiaries—fundamental in S-D Logic— as they produce the customer experience, directly or indirectly (Vargo & Lusch 2008).

9.6.4 Management support services: a critical enriched servicescape dimension influencing coworking member performance

Management support service had a significant positive influence on value-in-use experience. Management support services are considered as an environment that supports professional and business development of a coworking member. This specific environment is not tangible amenities and office facilities, as in this study, that dimension was considered as part of the physical context of the space. Management support services enrichment to the servicescape takes account the legal, financial, business mentoring and partnership services provided by the coworking space for their members. Management support services are an important servicescape dimension that has relatively larger influence on coworking member performance in the coworking space. Coworking members finds these services valuable for developing business performance. The importance of management support services is well explained by members in the qualitative findings and confirmed by the significant positive relations between management support services and coworking member performance.

Literature from the performance of firms in incubators supports the findings of this study relating to the role of the incubator connecting entrepreneurs through external networks to channels or parties providing better resources (Rice 2002). Similar to incubators, the professional networking and business support provided by the coworking space impacts the business performance of the wider community of coworking members. Providing an environment that supports the operation of the tech start-up and small businesses is perceived to be of great value to those who choose to be in a particular coworking space. Therefore,

designing a space that, in addition to physical and social support, provides access to business support is salient to the value-in-use of the coworking space.

Management support as a servicescape dimension is delivered through coworking space management who provide training and counselling in terms of knowledge and advice to entrepreneurs, and business assistance services. However, there is a gap in the literature regarding the influence of management support dimensions and coworking member performance. Therefore, theory from other related research fields assists in explaining this relation, specifically, the entrepreneurship incubator literature. The literature from the incubator services is consistent concerning management support service environment that are perceived of a coworking space. For example, Abduh et al. 2007 p.76) explains management support as covering:

[a] wide range of professional business development assistance services including developing a business plan and offering support in strategic planning, accounting, financial management, sales or marketing advice, legal advice, educating them on government regulations, product development, and employment assistance.

These management support services are especially important to members operating start-up and small businesses. The opportunity to network, receive mentorship and business support is an environment that contributes to the benefit of operating a business from a coworking space. Management support services provided by the coworking spaces that aids various business functions of the coworking member small business and tech start-ups was found to impact value-in-use experiences in terms of knowledge sharing, networking and feeling positive.

One of the key servicescape dimensions that contribute to coworking member loyalty to a coworking space and word-of-mouth endorsement is perceived management support services. As management support services is an apparently new dimension derived from the qualitative phase, there is limited previous servicescape research acknowledging management support services as a component of the service environment. Management support services, which include training and feedback sessions by experienced industry professionals, access to mentors, capital assistance, access to investors networking groups, corporate partners and venture capitalists were found to contribute to the coworking members' sense of belonging and, importantly, their intention to continue membership. However, the aspect of

management support services can be related to service ecosystem perspective where the support services provided by the coworking space is considered as part of the operant resources that includes services provided by other actors within the service system based on S-D Logic (Vargo and Lusch 2004, 2008). Multiple services are connected to the coworking setting through support services provided to the coworking member and, when coworking members access these professional network and industry partners through the coworking space, it allows the members to co-create value. Therefore, the interactions coworking members have in the coworking space are extended from customer-to-customer, customer-to-staff to a multi-levelled influence of service actors of a service system (Vargo & Lush 2011).

9.6.5 The influence of physical design on value-in-use, behavioural responses and coworking member performance

The physical dimension of a coworking space in terms of ambience, spatial layout, infrastructure, facilities aesthetics and cleanliness contribute directly to the sensory perceptions that influence customers' sensory attraction to a place; and sensory experience and has a significant direct effect on coworking member value-in-use experience. This finding suggests the notion of physical environment of a service-based organisation plays the role of a platform that facilitates the remaining aspects of consumer experience. The finding also supports Lehtinen & Lehtinen's (1991) argument that the physical resources of the service delivery system, that is, the physical setting and equipment, influence the service delivery process and consumer evaluation.

This finding also entails consumer ability to co-create a pleasurable working environment and sensory experiences through physical support and aesthetic design of a service offering, where customers are drawn to enjoy the designed environment (Csaba & Askegaard 1999; Kozinets et al. 2004; Thompson & Arsel 2004). The atmospheric attributes and unique design of coworking space provides flexibility and guides positive, stimulating experiences for coworking members. For example, the spatial layout design in CS1 provided a space called the 'idea tent' to stimulate the coworking members to utilise that area for team-based discussion. It was observed that coworkers tended to use the 'idea tent' which had a whiteboard to facilitate the contribution ideas and discussion.

Occupying the physical design facilitates multiple value-in-use experiences in terms of function, emotional response and cognitive benefits, as suggested by Petrick (2002). This finding is consistent with prior research that shows the service environment influences

service value (Cronin et al. 2001). The open layout design is observed to influence both the functional and emotional consumption of value-in-use experiences and eventually impacts behavioural responses. These findings confirm the work of Bonnin and Goudey (2012) who explored the kinetic quality of store design in influencing utilitarian and hedonic shopping values and their impact on buying behaviours. The present study also suggests that the physical environment of coworking spaces improves coworking member evaluation and behaviour during their consumption experience and creates a distinction between coworking spaces. The finding is also consistent with Siu et al. (2012) who emphasise the importance of systematically and strategically designing a service organisation that is attractive and functional as a means of helping service managers differentiate their service environment from competitors.

The study also found that cleanliness as an indicator of physical dimension influenced customers' evaluation of a service organisation and influenced the desire to stay in clean business establishments. Functionality and the infrastructure provided in the space, comfort and good interior design can also enhance the value-in-use experience of coworking members. Observations conducted at coworking spaces found that aesthetic design is highly appreciated by the coworking members, even if the members are not utilising all the facilities. For example, the hammock in the Coworking Space 1 and the table tennis facility in Coworking Space 2 were found to be an interesting and important element of the physical design which motivated the coworking members to perceive the space to have a relaxing and easy-going atmosphere. However, observation of the coworking space at the various times of the day and days of the week, revealed members rarely used the hammock or played table tennis. The experience of being surrounded by the aesthetic facility incorporating unique interior design was valued by coworking members.

Having just not a space to work, but a space with elegant amenities and facilities and comfortable furnishing is something valued by the coworking members, who spend between 10 to 60 hours per week in the space. By creating a physical environment that fits the notion of work environment expected by the coworking members enhances the value-in-use experience. A potential coworking member will, on first entry to the coworking space, quickly gain a sense of the physical settings and start to interact within the space. However, this study shows, despite the exquisite and functional design invested across coworking space, the physical design is not the major contributing factor to the performance of

members. If the physical design is consistent throughout coworking spaces, it will not affect coworking member performance. This signals that the physical dimension may serve as a facilitator of valuable experience, but is not a direct contributor in coworking member individual or business performance in the space. This finding also signifies any changes to the physical element in the space will not highly impact coworking member or business performance in the short term. However, changes in physical design influences the value-in-use experience and eventually influence the coworking member performance.

9.7 Theoretical contribution

Theoretically, the ESF developed and tested in this study differentiates it from existing studies. It contrasts to earlier research on the servicescape which looks at the various impacts of the physical dimension, focusing predominantly on outcomes of approach and avoidance. Rather, this thesis enriched the servicescape framework by including social interaction and support, community engagement and events, management support services and collaborative culture to provide a more holistic and integrated picture of the servicescape. These enriched dimensions, developed from the literature review and qualitative phase and incorporated in the research model are the unique theoretical contribution of this thesis towards the development of servicescape literature. The contribution of the ESF dimensions are summarised as follows:

- 1) The first inclusion is the social interaction and support (SIS) dimension. The inclusions enhanced the conceptualisation of Tombs and McColl-Kennedy (2003) and Rosenbaum and Massiah (2011) emphasising the inclusion of CCI, CEI interaction and social support as the social environment of service setting. However, their studies did not incorporate all these elements as to reflect the variables in a quantitative approach. Furthermore, through its findings from qualitative phase, this study included the element of managers facilitating interaction as part of the SIS. Moreover, by using structural equation modelling, this study confirms that perceived SIS has high influence on consumer value-in-use experience
- 2) The second inclusion is the ‘community engagement and events’ dimension which emphasised the perception of active participation and engagement with the community and the activities within the service setting. In this study, it is specific to the coworking space context. Through the qualitative empirical findings,

coworking members perceived this dimension as a very important part of their environment. Except for the work of Edvardson et. al (2010) who discusses customer involvement in the service environment as a simulated service experience through the ‘experience room’ and applied in ordinary customer service experiences (Paregis et al. 2011), the customer participation in events and community as an element within a servicescape has not gained much attention. Therefore, this thesis argues the importance of a service environment that encourages active participation and engagement within the service environment in affecting value-in-use experiences and behavioural responses of the consumer.

- 3) Thirdly, the inclusion of the management support services dimension that emerged from the qualitative empirical findings was confirmed by the quantitative study as element that enriched the servicescape framework. Although this dimension is specific to the coworking space context, it can be applied to similar service contexts such as virtual communities. In particular, this dimension was found to have impact on the performance of coworking members. As mentioned in section 9.6.4, the importance of this variable has not been acknowledged in servicescape literature. Management support services allow coworking members to connect with other service providers linked to the coworking space. This resonates with the service ecosystem perspective of S-D Logic (Vargo & Lusch 2008) of the servicescape as a consequence of systemic resource integration the generation of communication with multiple actors and stakeholders in overlapping service ecosystems influences customer experience (Chandler & Lusch 2014)
- 4) The perceived collaborative culture of the coworking space as an environment, also identified by the qualitative empirical findings, was found to impact value-in-use experiences, behavioural responses and coworking member performance. Rosenbaum (2008, 2011) has researched the social symbolic aspect of a business establishment that employ artefacts, signs and symbols to show that socio-collective meaning unique to specific ethnic and subcultures influences approach and avoidance behaviour.
- 5) Consistent with this approach, the present study of the coworking space found that the perceived organisational culture as a sense-making and sense-giving (Smerek 2009) environment of shared norms and beliefs influence the value-in-use experience of the service setting. Therefore, consumer’s perception of the

organisational culture should be considered in servicescape research. Since coworking space community and culture play a role in shaping the experiences of the service environment, coworking spaces reflect the nature of a community space. This idea is consistent with White and Sutton (2001) who assert that it is increasingly important to consider service-oriented places to be perceived as 'community spaces'.

The overall findings of the thesis's contribution can also be extended to existing environmental psychology theory, Social Facilitation Theory and S-D Logic literature. The inclusion of management support services and collaborative culture in the ESF contributes to the multidimensional and multidisciplinary framework conceptualised by Rosenbaum and Massiah (2011) who emphasise that 'a servicescape is no longer a singular concept applicable only to marketers; rather, it represents a multi-disciplinary paradigm that focuses on an array of person-place relationships' (2011 p. 484).

Social Facilitation Theory suggests that, because of the consciousness of the social aspect of the environment, the mere presence (or absence) of audiences will affect human behaviour (Guerin & Innes 2009; Platania & Moran 2001; Tombs & McColl-Kennedy 2010). The empirical evidence of the effect of social interaction and support on coworking member value-in-use experience and behavioural response is consistent with Social Facilitation Theory that emphasises social stimuli are likely to receive more consideration than the non-social or physical stimuli in service settings (Rosenbaum & Massiah 2011; Guerin & Innes 2009).

Environmental psychologist Proshansky states, 'There is no physical setting that is not also a social, cultural, and psychological setting' (1978, p. 150). The enriched servicescape framework introduced by this study is consistent with Proshansky's perspective. This study moves beyond the setting's physical dimension to show that consumption settings also comprise social, management support and perceived organisational culture dimensions that act in unison to influence customer experiences and behaviour. Therefore, the service provider can facilitate and manipulate the servicescape design and more specifically provide an avenue for consumer experience within a service setting. For example, the design of social events and occasions within a coworking space may range from a private interaction to group events encourages customer participation and active engagement with others member and employees in the service experiences. Likewise, Tumbat and Belk (2013) recognise the role

of the servicescape in customer co-creation, particularly in contexts that involve participant performance.

Rosenbaum and Massiah (2011) argue that, 'For too long, marketers have considered commercial places mere homogeneous zones of exchange comprised of objective stimuli that appeal equally to members of a specific target market' (2011 p. 483). Therefore, emphasising the organisational culture, social interaction and consumer engagement in social events as stimuli designed in service settings will make a difference in the consumption experience and perceived value of place.

The exploration and evaluation of value-in-use experiences from coworking member perspectives in this study is consistent with the work of Vargo and Lusch (2004, 2008) which emphasises that the beneficiary contextually and exclusively determines value-in-use. Therefore, coworking members are considered the beneficiaries of coworking space businesses who co-create value based on their service experiences. Value-in-use experience variables are highly contextual in this study as the appreciative judgements of the coworking members are specific to their experience in occupying the coworking space. Additionally, this suggests that value-in-use experiences are likely to vary over time as a function of how emotions, knowledge, beliefs and behaviours themselves vary.

The noticeable finding of current study is that the value-in-use experienced served as a perfect mediator over the perceived enriched servicescape-behavioural responses path. Ryu et al. (2008) first the perceived service environment had not only a direct but also an indirect effect on customer perceived value and customer satisfaction. However the findings of this study indicate that consumer evaluation of a service environment flows from servicescape to behavioural responses via value-in-use experiences, not directly from servicescape to behavioural responses. This supports the notion that consumers rely highly on their value-in – use experiences to evaluate their loyalty, place attachment and positive word-of-mouth , while the value-in use experiences is significantly influenced by their encounter and perception of the enriched servicescape dimensions.

The inclusion of 'social interactions and support', 'community engagement and events', 'management support services' and 'collaborative culture' specifically in the coworking space as a service setting also supports Johnstone's (2012) contention that marketers and service operations experts should include personal 'life world' circumstances in which a

service can be experienced. These findings from coworking spaces as a service setting is in-line with the S-D Logic emphasis that service interaction and determinations of value-in-use can transpire in many settings other than traditional retail servicescapes.

The value-in use experiences that coworking members have by interacting with the physical design, social interactions and support, community engagement and events, management support services and collaborative culture strongly support recent S-D Logic scholarship that emphasises that exchange and integration activity is formed by multiple independent dynamic structure of interactions and by the actors who are embedded together within a service ecosystem (Vargo & Lusch 2011; Edvardsson et al. 2012). The interactions of coworking members among themselves and with managers through enriched servicescape dimensions to experience value-in-use and be productive in the coworking space supports S-D Logic that multiple actors interact overtime and place to access and integrate resources to co-create a desired outcome for themselves and others (Vargo & Lusch 2004).

9.8 Managerial implications

Given that coworking spaces are service organisations consumed and occupied by entrepreneurs, freelancers, tech start-ups and knowledge workers, facilitating a pleasurable coworking experience is paramount for members and the service provider. This study suggests that coworking space providers integrate enriched servicescape dimensions to develop a service ecosystem that allows coworking members to co-create their value-in-use experiences. The three major aspects of the enriched servicescape should be social interactions and support, community engagement and events and collaborative culture.

Since there is evidence supporting the strong influence of social interactions and support received from the coworking space managers and hosts on coworking member perceptions of value-in-use experiences, behavioural responses and performance in the space, coworking space providers should use social interactions and support elements to provide value propositions for members. A coworking space or a service organisation attempting to enhance their service ecosystem image must make sure they have the right human capital with the right style to manage the space; this includes appearance, competence and behaviour based on the coworking space positioning. The style of the coworking manager/ host must be completely congruent with the culture of the space. The right type of manager should have the competence of distinctiveness, appropriateness, professionalism and evocativeness in managing the coworking space (Nguyen 2006). One of the many reasons that the coworking

manager's role is critical it is because they not only interact one-to-one with members but facilitate interactions within the space. The managers can introduce members to each other or a group of members so that they can interact. Initiating and facilitating social interactions among the members will facilitate friendship, support, networking and collaboration that provide the basis for members to have a valuable experience in the coworking space.

Having a membership in a coworking space and being successful as a business is important for coworking members. The study showed that support services not only influence the value-in-use experience for coworking members, it also creates relevant outcomes in terms of coworking member performance related to entrepreneurial outcomes (productivity, sales growth, customer acquisition, increase in profitability, creativity and responding to opportunities). Any coworking space ultimately needs to show their effectiveness in contributing to member success. This thesis suggests that a coworking space operator design and manage support services adequately to meet the needs of the coworking member businesses. These services include access to industry professionals, legal advice, international/local mentors, venture capitalists and professional network and corporate partners. Therefore, it is paramount for coworking space operators to ensure they are designing their support services to cater to the needs of their market segment of consumers.

As noted, the study found that coworking space and service organisations could improve and differentiate their offerings by considering their organisational culture as an enriched servicescape dimension. This study suggests that the organisational culture should be treated as a well-designed servicescape built over time with the coworking managers and members. To achieve differentiation, the managers and host of the space should play a major role. The managers can diffuse the culture in a very informal way through verbal communication or just through their daily practices. For example, when the coworking manager is friendly and taking interest to acquaint themselves with a new member and their business background, he or she will voluntarily connect the new member with another with relevant expertise if they sense the new member needs help. This reflects the aspects of communication, affiliation and collaborative culture of the space through the manager/host practices and behaviour. The managers and host are the intervening agents that diffuse the culture of the coworking spaces setting; for example, either to be a space with the diverse community or a curated space with a certain type of members. Surprisingly, coworking members who embrace this culture promote it by their own actions or communication to other members and contribute to

strengthening this culture within the space. Therefore, coworking space operators specifically, and other service organisations, should give better consideration how the communities of customers can be involved in shaping the culture of the organisation and form collaboration (Jaakola & Alexander 2014). Management should ask, ‘What are the coworking members engaged in and doing in the coworking space and how can that be facilitated?’ Managers should understand that coworking members are pivotal in contributing to co-creating the culture of the space.

The study showed that members who benefit from the ‘community engagement and events’ feel a greater sense of belonging to the coworking space and have place attachment. Coworking space managers need to design the events and programs in the space that encourage participation and engagement. On the other hand, professional events and programs directly related to the coworking member businesses will contribute to performance and outcomes. Coworking operators should, therefore, be prepared to design these programs according to their community segments. This is particularly important for space providers as a means of maintaining members long-term and in having the members to evangelise the coworking space to others by displaying customer citizenship behaviour (Rosenbaum et al. 2007) and customer engagement behaviour (Brodie et al. 2013; Libai et al. 2010). A member who feels part of the coworking space will willingly care for the wellbeing of the space and treat it as their own. When they feel part of the space as a community, they will speak positively about it and attract others. In this way, coworking members can bring value back to coworking spaces.

The study indicates that it is the responsibility of the space designers, providers and managers of Australian coworking spaces to offer an organisational culture as an environment to be consumed. Whether these spaces are urban or regional, service environment providers, designers, architects, and managers have a responsibility to create space that meets human needs and enhance member wellbeing through social support as this enhances community and business outcomes. Therefore, designing and managing a servicescape that improves physical and social comfort and provides an opportunity for people to socialise and engage and co-create value can result in creating a stronger loyalty, attachment to place and productivity within a community. Fostering a collaborative culture as part of the service environment where members are included in decision-making also creates more membership value-in-use.

A summary of the hypotheses, results and theoretical and practical implications are set out in Figure 9.2 below.

Main research question: What are the coworking space's servicescape dimensions and how do they influence value-in-use and positive behavioural responses of the coworking members as the consumers of the coworking space?

Hypotheses	Findings	Implications	
<p>Enriched servicescape dimensions have a significant positive relationship with value in use, behavioural responses and performance of coworking members</p>	<p>Enriched servicescape dimensions impacts 64% of value in use experiences <u>Larger relative effect on value-in-use</u> *social interactions and support *community engagement and events *management support services</p> <p><u>Larger relative effect on behavioural responses</u> *Social interactions and support *community engagement and events *collaborative culture</p> <p><u>Larger relative effect on performance of coworking members</u> *management support services *collaborative culture *community engagement and events</p>	<p>Theoretical</p> <p>Contributes to the ideas of S-D Logic that value-in-use is an appreciative judgement (Nilsson & Ballantyne 2014) of the service recipient with various operand and operand resources reflected through the servicescape framework</p> <p>*Social interactions and support, community engagement and events, collaborative culture contribute to the hallmark concept of S-D Logic reflecting the aspect of 'doing things with others instead of doing thing for others' (Lusch et al. 2007)</p> <p>*Supports the importance of relationship between customer, firm and other beneficiaries as they create the customer experience collectively, directly or indirectly (Vargo & Lusch 2008)</p> <p>*Confirms value-in-use is the expression of the service experienced by a beneficiary in a particular context (Vargo & Lusch 2008)</p> <p>*Confirms the servicescape influences the meaning constructed by consumers and value-in-use experiences (Nilsson & Ballantyne 2014)</p> <p>*Value-in-use experiences influence consumer behavioural responses in a service environment</p>	<p>Managerial</p> <p>Designing the social servicescape, with events that are engaging and allow group consumption as well as offering suitable support services to coworking members is paramount in creating multiple benefits for coworking members</p> <p>When a coworking space provides a space with social support, opportunity for members to engage in the community as well the diffusion of collaborative culture, this helps a member feel they belong, attached, loyal and willing to say positive things about the coworking space to others</p> <p>In supporting the growth of the start-ups, freelancers, small business owners and knowledge workers, the coworking spaces need to design their management support service, collaborative culture and community engagement and events</p> <p>Facilitating and co-creating value -in-use experiences (positive emotional value, knowledge sharing, networking and functional value) in a service environment has a significant impact in sustaining the consumption of the service environment</p> <p>Positive experiences, opportunity to share knowledge and networking supports the growth of start-ups, freelancers, small business owners and knowledge workers</p>
<p>Value-in-use has a significant positive relationship with behavioural responses and performance</p>	<p>Value-in-use experiences have 54% of influence in coworking member behavioural responses (loyalty, word of mouth, sense of belonging and place attachment).</p> <p>The value-in-use experiences have 21% of influence in coworking member performance.</p>		

Figure 9.2 Summary of major hypotheses, analysis, findings and implications of the study

9.9 Limitations and future research

This study has successfully demonstrated that enriched servicescape dimensions have a positive and significant impact on value-in-use experiences and subsequently influence coworking member behavioural responses and performance in a coworking space service setting. However, several limitations need to be acknowledged. First, the data was collected from a single industry that is the coworking space services in Australian capital cities. Therefore, findings of this research are limited to the Australian coworking spaces context. Further empirical evidence is required to see the effectiveness of this framework in other developing nations and other service-oriented organisations. It will be useful to extend the research in understanding the social dimensions and community culture in regional-based coworking space.

The data for the study were collected in a cross-sectional manner, indicating that the perceptions regarding enriched servicescape, value-in-use, behavioural responses and coworking member performance are collected at a single point in time, thus conditions and influences can change over time. Therefore, a better understanding of the causal relationships between the constructs examined could be achieved through the adoption of longitudinal research design (Dean & Sharfman 1996) to understand variations in the servicescape interaction and value-in-use experiences (Sandström et al. 2008). Therefore, a more in-depth qualitative approach through phenomenology and ethnography in studying the complex dynamics of consumption experiences within a servicescape is suggested.

The scope of this study was to explore, enrich and evaluate an enriched servicescape framework. However, the virtual environment of the business setting was not included in the research. Nilsson and Ballantyne (2014, p. 377) argue that servicescape research should not overlook the technological place such as 'virtual spaces' for service interactions, sales and relationship development. Therefore, considering the virtual environment (for example, private Facebook groups and private social media groups) as a servicescape dimension will be significant. The social engagement, social facilitation and diffusion of the collaborative culture within the virtual environment is worth noting for further research. Since, it is expected that the physical space and the virtual space in a service business will co-exist and complement each other (Chandra & Leenders 2012) creating value experiences. Specifically for coworking spaces the physical, social and virtual environment would be a shared

servicescape among coworking members in a coworking space and between other coworking spaces.

The concept of value-in-use in the research was measured as construct with relevant indicators reflected by knowledge sharing, emotional, social and functional value of the service environment. However, to further investigate value-in-use, the aspects of the co-creation and co-production of the value-in-use experience will contribute to the concept of S-D Logic (Vargo & Lusch 2011). The potential role of value-in-use as a moderator in influencing the strength of the relationship between the ESF and behavioural responses and coworking members' performance is worth an attention.

9.10 Conclusion

Servicescape research has revolutionised the face of service marketing, but despite the expansion of the physical design of the model in retail-oriented business, servicescape studies needed expansion to specific industry context and service-oriented organisations. This study postulated the servicescape dimensions are beyond the physical design of the business setting that influence consumer experiences and behavioural responses. Therefore, the study explored and enriched the servicescape framework specific to coworking space setting as a service provider. The ESF was then validated for its effectiveness in impacting the value-in-use experienced by the consumers of the space (coworking members) and subsequently influencing their behavioural responses (loyalty to the coworking space, spreading positive word-of-mouth about the coworking space and having a sense of belonging to the coworking space) and impacting the performance of the coworking member who are mostly entrepreneurs, freelance, start-ups and knowledge workers.

The research explored and examined the ESF through a pragmatic mixed-methods approach using exploratory sequential qualitative and quantitative study from consumer perspective. The research was based on a conceptual model derived from concepts of servicescape influencing value-in-use and behavioural responses. As postulated, it was found that the physical elements are not the only environment that is salient to coworking members in a coworking space setting, so the qualitative phase inducted the community engagement and events, social interactions and support, management support services and collaborative culture as major salient servicescape perceived by coworking members were added as the enrichment to the servicescape framework. The qualitative phase as well derived the value-in-use experiences of coworking members and confirmed it further with the perceived value

and value-in-use literature. By adding the empirical findings from qualitative and the concepts from past research the research model was finalised and evaluated.

The study found while there is a broad understanding about the advantage of physical design of the servicescape, the consumer view servicescape as a more social, community, service and cultural-oriented environment. The research found the social interactions, community engagement and events and management support services is completely relevant in contributing to consumer value-in-use experiences subsequently influencing consumers' loyalty, sense of belonging and word-of-mouth endorsement. This study also confirmed the management support services and perceived organisational culture specifically the collaborative culture impacts the individual and business performance of coworking members. This study suggests the coworking space providers and similar business to invest in designing their social, community and management support services environment in influencing value-in-use experiences for the consumers.

Due to the growth and expansion of coworking spaces, there will be continuous transformation in the service environment; for example, one of the coworking spaces observed during the qualitative stage has now expanded their business and moved to a larger space. However, the challenge will remain in continuously designing and managing the service environment that will drive the value-in-use experience for the coworking members who are the consumers in ensuring the sustainability of the memberships, loyalty and growth of the coworking members, which ensures the growth of the coworking space.

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APPENDIX 1



Deputy Pro Vice-Chancellor
(Research & Innovation)
College of Business

Notice of Project Amendment Approval

Date: 1 March 2016

Project number: 18723

Project title: *The Effect of Coworkingscape Design and Management on Member's Performance and Behavioral Intentions through Value in Use*

Risk classification: Low Risk

Principal Investigator: Professor Mark Leenders
Student Investigator: Ms Bamini KPD Balakrishnan
Other Investigator: Professor Siva Muthaly

Project Approved: From: 1 July 2014 To: 22 July 2017

Project Amendment Approved: From: 1 March 2016

Amendment Details:

Professor Mark Leenders now Principal Investigator/Senior Supervisor replacing Professor Siva Muthaly (now Associate Supervisor)

Terms of approval:

Responsibilities of the principal investigator

It is the responsibility of the principal investigator to ensure that all other investigators and staff on a project are aware of the terms of approval and to ensure that the project is conducted as approved by BCHEAN. Approval is only valid while the investigator holds a position at RMIT University.

- 1. Amendments**
Approval must be sought from BCHEAN to amend any aspect of a project including approved documents. To apply for an amendment submit a request for amendment form to the BCHEAN secretary. This form is available on the Human Research Ethics Committee (HREC) website. Amendments must not be implemented without first gaining approval from BCHEAN.
- 2. Adverse events**
You should notify BCHEAN immediately of any serious or unexpected adverse effects on participants or unforeseen events affecting the ethical acceptability of the project.
- 3. Participant Information and Consent Form (PICF)**
The PICF must be distributed to all research participants, where relevant, and the consent form is to be retained and stored by the investigator. The PICF must contain the RMIT University logo and a complaints clause including the above project number.
- 4. Annual reports**
Continued approval of this project is dependent on the submission of an annual report.
- 5. Final report**
A final report must be provided at the conclusion of the project. BCHEAN must be notified if the project is discontinued before the expected date of completion.
- 6. Monitoring**
Projects may be subject to an audit or any other form of monitoring by BCHEAN at any time.
- 7. Retention and storage of data**
The investigator is responsible for the storage and retention of original data pertaining to a project for a minimum period of five years.

Regards,

APPENDIX 2

Interview guide – coworking members

Screening questions

Where were you working from before you came to this space?

What type of business you run at this coworking space?

How long have you been a member?

Age bracket

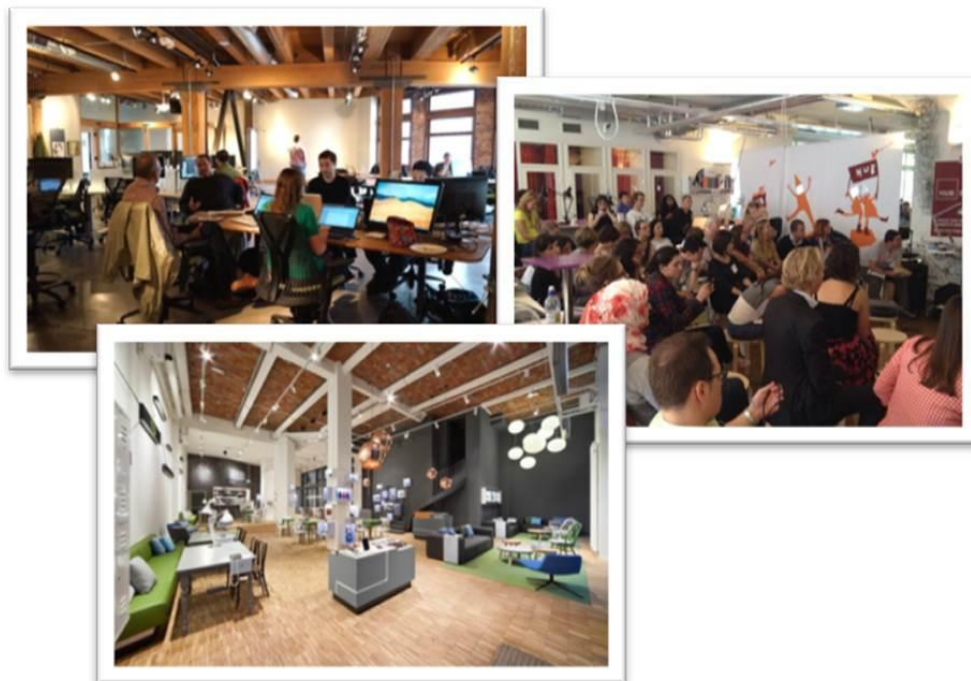
Topic	Topic	Objective, lead questions and probing questions
1	Coworkingscape	<p><u>Objective</u></p> <p>To explore, identify and develop the enriched servicescape framework</p> <p><u>Conversation starters</u></p> <ul style="list-style-type: none"> • I am interested to know what you consider as coworking environment • So to kick off our conversation I want to talk a bit about what you do here in the space? • Could you tell me why you choose this coworking space? • Can you tell me what an excellent coworking space should be? • What are the factors you consider that makes up an environment in this coworking space? <p><u>Probes:</u></p> <ul style="list-style-type: none"> ○ What are the environments that you consider important to you? ○ Why would you consider it to be important? ○ How reliable are these factors? ○ Could you be specific on the physical factors and social factors?
2	Value-in-use	<p><u>Objective</u></p> <p>To understand the value-in-use experienced by coworking members</p> <p><u>Conversation starters:</u></p> <ul style="list-style-type: none"> • Let's talk about the value-in-use gained while being in this coworking space. What are your expectations, perceptions and experience? <p><u>Probes:</u></p> <ul style="list-style-type: none"> ○ What you consider are the most important value-in-use? ○ How do you evaluate it?
3	Conclusion	<p>Any other points about the topics we have talked about today that you would like to add?</p> <p>Thank you</p>

APPENDIX 3



A national study on coworking spaces in Australia

Please take a few minutes to share your perceptions, opinions and experiences being in a coworking space.



This is a survey developed by RMIT University Melbourne. The purpose of the study is to understand how coworking spaces create value for members. Your participation is voluntary and all your responses will be confidentially managed. The questionnaire will take approximately 10 - 15 minutes to complete.

‘The study has been described to me above, and I have been informed about avenues for obtaining additional information regarding this study.’

- ☐ Yes, I agree to participate in the study
- ☐ No, thank you

PART 1 Question about your coworking space

1. What is the name of the coworking space you are currently a member?

2. Where this coworking space is located?

- ☐ Melbourne
- ☐ Sydney
- ☐ Adelaide
- ☐ Perth
- ☐ Brisbane
- ☐ Other _____ (please specify)

3. How many months have you been a member in this coworking space?

4. What is your membership type:

- ☐ Full-time/Permanent
- ☐ Part-time/ Casual (2-3 times a week)
- ☐ Once a Week
- ☐ After hours (After 5.30pm)
- ☐ Others _____

5. How many hours per week, on average, do you spend in the coworking space?

6. How much, per month, do you pay for your coworking membership?

PART 2: Perceptions about the service environment

A. Physical design

In the following statements, we are interested in your perception about the physical surroundings in this coworking space. For each statement, please use the following scale:

Please indicate your level of agreement or disagreement with the following statements using a scale of 1 – 7, where 1 represents "Strongly disagree" and 7 represents "Strongly agree".

Please use the number between 1 and 7 to represent your strength of agreement or disagreement.

	Strongly disagree (1)	(2)	(3)	(4)	(5)	(6)	Strongly Agree (7)
The ambience in this coworking space is great	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The seating arrangement in this coworking space is comfortable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The layout of this coworking space is spacious	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The interior design of this coworking space has aesthetic character	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The facilities and amenities in this space function well	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This coworking space maintains cleanliness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

B. Social interaction and support

In the following statements, we are interested in your **perception about the social surroundings** in this coworking space.

Please indicate your level of agreement or disagreement with the following statements using a scale of 1 – 7, where 1 represents 'Strongly disagree' and 7 represents 'Strongly agree'.

Please use the number between 1 and 7 to represent your strength of agreement or disagreement.

	Strongly disagree (1)	(2)	(3)	(4)	(5)	(6)	Strongly Agree (7)
Coworking members in this space are willing to help	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Coworking members share information to others in the space	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would give advice to other members if asked	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The space managers in this coworking space are very friendly	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The space managers in this coworking space facilitate interactions between members in this coworking space	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C. Community engagement and events

In the following statements, we are interested in your **perception about the community engagement and events** in this coworking space.

Please indicate your level of agreement or disagreement with the following statements using a scale of 1 – 7, where 1 represents 'Strongly disagree' and 7 represents 'Strongly agree'.

Please use the number between 1 and 7 to represent your strength of agreement or disagreement.

	Strongly disagree (1)	(2)	(3)	(4)	(5)	(6)	Strongly Agree (7)
The community in this coworking space is great	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The coworking space creates a sense of engagement among coworking members	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Coworking members meet other relevant contacts through the social events	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There is a broad range of social events organised by the coworking space	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There is a variety of social activities hosted by the coworking members	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

D. Management support services:

In the following statements, we are interested in your perception about the **support services** offered by the management in this coworking space.

Please indicate your level of agreement or disagreement with the following statements using a scale of 1 – 7, where 1 represents 'Strongly disagree' and 7 represents 'Strongly agree'.

Please use the number between 1 and 7 to represent your strength of agreement or disagreement.

	Strongly disagree (1)	(2)	(3)	(4)	(5)	(6)	Strongly Agree (7)
This coworking space organises training/feedback sessions offered by experienced industry professionals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This coworking space provides access to international/local mentors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This coworking space provides access to venture capitalists	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This coworking space provides access to investor/entrepreneur networking group	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This coworking space provides access to a professional network	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This coworking space provides access to corporate partners	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

E. Coworking space organisational culture

Please rate the following culture descriptions in terms of how similar they are to this coworking space

Please indicate your level of agreement or disagreement with the following statements using a scale of 1 – 7, where 1 represents 'Strongly disagree' and 7 represents 'Strongly agree'.

Please use the number between 1 and 7 to represent your strength of agreement or disagreement.

	Strongly disagree (1)	(2)	(3)	(4)	(5)	(6)	Strongly Agree (7)
This coworking space is like an extended family. People share a lot of themselves	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This coworking space emphasises high consensus, openness and participation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This coworking space has great social warmth	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This coworking space encourages collaboration among the members	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PART 3: Perceptions about value-in-use experiences

In the following statements, we are interested in **what you appreciate, benefit and the value attained by being the member of this coworking space**. For each statement, please use the following scale:

Please indicate your level of agreement or disagreement with the following statements using a scale of 1 – 7, where 1 represents 'Strongly disagree' and 7 represents 'Strongly agree'.

Please use the number between 1 and 7 to represent your strength of agreement or disagreement.

	Strongly disagree (1)	(2)	(3)	(4)	(5)	(6)	Strongly Agree (7)
I value the openness in exchange of ideas among the members in this coworking space	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I value how the coworking space managers reassure me about things	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I value the coworking space managers being warm and affectionate to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I value the networking I establish in this coworking space	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I value the superior services delivered by this coworking space	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I value feeling positive being in this coworking space	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PART 4: Behavioural responses

In the following statements, we are interested in your opinion on your responses towards coworking space.

Please indicate your level of agreement or disagreement with the following statements using a scale of 1 – 7, where 1 represents 'Strongly disagree' and 7 represents 'Strongly agree'.

Please use the number between 1 and 7 to represent your strength of agreement or disagreement.

	Strongly disagree (1)	(2)	(3)	(4)	(5)	(6)	Strongly Agree (7)
I am happy with the experience being in this coworking space	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel I belong to this coworking space	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I say positive things about the coworking space to other people	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I invite friends to try coworking in this coworking space	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is likely that I am going to continue my membership during the next six months	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PART 5: Individual and business performance

Please rate your opinion on **individual and business performance** since you started working from this coworking space.

Please indicate your level of agreement or disagreement with the following statements using a scale of 1 – 7, where 1 represents 'Strongly disagree' and 7 represents 'Strongly agree'.

Please use the number between 1 and 7 to represent your strength of agreement or disagreement.

	Strongly disagree (1)	(2)	(3)	(4)	(5)	(6)	Strongly Agree (7)
My productivity has increased working from this space	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My business has grown in sales	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My business has acquired new customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My business has increased profitability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My business has become more creative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My business has become quick in responding to opportunities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PART6: Demographic profile

The Questions below are for data analysis purpose only. Your response will be kept confidential and not be shared with anyone.

1. In what age generation cohort are you?
 - ☐ Before 1966
 - ☐ Generation X (1966-1976)
 - ☐ Generation Y (1977-1994)
 - ☐ Generation Z (1995-2012)
2. What is your gender?
 - ☐ Male
 - ☐ Female
3. What is your highest level of education?
 - ☐ High school
 - ☐ Bachelors
 - ☐ Masters
 - ☐ PhD
 - ☐ Medical Doctor
 - ☐ Jurisdiction Doctorate
 - ☐ Other _____
4. Which of the following best describes your employment status? Choose those which apply
 - ☐ Freelancer
 - ☐ Entrepreneur
 - ☐ Employee of an organisation
 - ☐ Part-Time student
 - ☐ Full-time student
 - ☐ Retired
 - ☐ In Between jobs/ looking for work
 - ☐ Other (Please specify)
5. In which industry is your organisation primarily active?
 - ☐ IT/Technology
 - ☐ Creative Class
 - ☐ Social Enterprising
 - ☐ Academic/Education
 - ☐ Others (Please specify)
6. In which year was the organisation you are working for established?

7. What is your role in this organisation?
 - ☐ (Co-) founder
 - ☐ Owner
 - ☐ Managing Director/ (CEO)
 - ☐ Others (Please specify)